By Mr. BARING:
H. R. 5719. A bill to finance the exploration, development, production, and production expansion of critical and strategic minerals and metals within the United States, its Territories and insular possessions; to the Committee on Banking and Currency.

By Mr. MANSFIELD:
H. R. 5720. A bill to outlaw the Communist Party and similar organizations; to the Committee on the Judiciary.

By Mr. HILLINGS:
H. R. 5721. A bill to suspend the running of the statutes of limitations applicable to offenses involving performance of official duties by Government officers and employees during periods of Government service of the officer or employee concerned; to the Committee on the Judiciary.

By Mr. O'TOOLE:
H. R. 5722. A bill relating to the compensation of certain employees of the Canal Zone Postal Service; to the Committee on Merchant Marine and Fisheries.

By Mr. RICHARDS:
H. R. 5723. A bill to amend the Foreign Service Act of 1946, as amended, and for other purposes; to the Committee on Foreign Affairs.

By Mr. PRIEST:
H. J. Res. 345. Joint resolution to provide additional compensation for congressional officers and employees who have had 30 years' continuous service; to the Committee on House Administration.

By Mr. COOLEY:
H. Res. 460. Resolution amending House Resolution 99; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOYLE:
H. R. 5724. A bill for the relief of Mrs. Sakiye Kuwahara; to the committee on the Judiciary.

By Mr. McCARTHY:
H. R. 5725. A bill for the relief of Frederick A. Richardson; to the Committee on the Judiciary.

By Mr. McMILLAN:
H. R. 5726. A bill for the relief of Judith Le Bovit (nee Bretan); to the Committee on the Judiciary.

By Mr. O'TOOLE (by request):
H. R. 5727. A bill for the relief of Manuel Joao d Carvalho Nunes; to the Committee on the Judiciary.

By Mr. POULSON:
H. R. 5728. A bill for the relief of William F. Friedman; to the Committee on the Judiciary.

By Mr. RABAUT:
H. R. 5729. A bill for the relief of Theodore Karam; to the Committee on the Judiciary.

By Mr. REAMS:
H. R. 5730. A bill for the relief of William Lund Main; to the Committee on the Judiciary.

By Mr. BYRNE of New York:
H. Res. 461. Resolution providing for sending to the United States Court of Claims the bill (H. R. 4290) for the relief of Keddie Resort, Inc.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

471. By Mr. HART: Petition of the New Jersey Press Association urging that President Truman modify Executive order extending security restrictions to Federal civilian agencies so that the public may have news and information which is its right under the Constitution; to the Committee on the Judiciary.

472. By Mr. SHEEHAN: Petition of Edison Park Chamber of Commerce, Chicago, Ill., going on record as unqualifiedly opposed to the further undermining of our national stamina and integrity by the waste and corruption of Government in Washington, etc.; to the Committee on Appropriations.

473. By the SPEAKER: Petition of St. Petersburg Townsend Club, No. 1, St. Petersburg, Fla., vigorously protesting the proposed opening of welfare rolls to public exposure; to the Committee on Ways and Means.

474. Also petition of Public Forum of St. Petersburg, St. Petersburg, Fla., vigorously protesting the proposed opening of welfare rolls to public exposure; to the Committee on Ways and Means.

SENATE

TUESDAY, OCTOBER 16, 1951

(Legislative day of Monday, October 1, 1951)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, the might of them that put their trust in Thee, amid all the subtle dangers that beset us save us from the fatal folly of attempting to rely upon our own strength. In a world so uncertain about many things we are sure of no light but Thine, no refuge but in Thee. The din of words, freighted with malice and suspicion and threatened aggression, assails our ears. Grant us an inner calm, undisturbed by any outward commotion. We beseech Thee, give us courage to seek the truth honestly and the reverence to follow humbly the kindly light that leads us on. Thou hast created us to be Thy temples. May the holy places of our inner lives harbor nothing unworthy of our high calling in Thee. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. McFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Monday, October 15, 1951, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on October 15, 1951, the President had approved and signed the act (S. 1464) for the relief of Peter Therkelsen Kirwan and Ernest O'Gorman Kirwan.

LEAVES OF ABSENCE

On request of Mr. McFARLAND, and by unanimous consent, Mr. CLEMENTS was excused from attending the sessions of the Senate for the remainder of this week.

On request of Mr. McFARLAND, and by unanimous consent, Mr. RUSSELL was excused from attendance on the session of the Senate today.

APPOINTMENT OF COMMITTEE TO DISCUSS PROBLEMS WITH THE CONSULTATIVE ASSEMBLY OF THE COUNCIL OF EUROPE

The VICE PRESIDENT. The Chair wishes to announce some appointments under Senate Resolution 215, authorizing the Chair to appoint seven Members of the Senate to visit Europe and attend, in a consultative capacity, the Council of Europe. The Chair is not ready to announce the entire seven, but he wishes to announce a portion of the committee which he will select. The Senator from Rhode Island [Mr. GREEN] will be chairman. The Chair also appoints the Senator from Connecticut [Mr. McMAHON], the Senator from Wisconsin [Mr. WILEY], and the Senator from Minnesota [Mr. HUMPHREY]. The Chair will announce the other appointments later.

PAYMENT OF CLAIMS ARISING FROM CORRECTION OF MILITARY OR NAVAL RECORDS—WITHDRAWAL OF MOTION TO RECONSIDER

Mr. CAPEHART. Mr. President, I should like to withdraw the motion I entered yesterday to reconsider the vote by which House bill 1181 was passed. I ask unanimous consent that I may withdraw the entry of that motion.

The VICE PRESIDENT. Without objection, it is so ordered.

TRANSACTION OF ROUTINE BUSINESS

Mr. McFARLAND. Mr. President, I ask unanimous consent that Senators be permitted to introduce bills and joint resolutions, present petitions and memorials, and transact routine business, without debate and without speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON SETTLEMENT OF CLAIMS FOR DAMAGE CAUSED BY NAVAL VESSELS

A letter from the Acting Secretary of the Navy, transmitting, pursuant to law, a report on the settlement of claims for damage caused by naval vessels, for the fiscal year ended June 30, 1951 (with an accompanying report); to the Committee on Armed Services.

REPORT ON SETTLEMENT OF CLAIMS FOR DAMAGE CAUSED TO NAVY DEPARTMENT PROPERTY

A letter from the Acting Secretary of the Navy, transmitting, pursuant to law, a report on the settlement of claims for damage caused to Navy Department property, for the fiscal year ended June 30, 1951 (with an accompanying report); to the Committee on Armed Services.

REPORT ON ADMINISTRATION OF ADVANCE PLANNING PROGRAM

A letter from the Administrator, Housing and Home Finance Agency, transmitting, pursuant to law, a report on the administration of the advance planning program, dated June 30, 1951 (with an accompanying report); to the Committee on Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STENNIS, from the Committee on Armed Services:

S. 1912. A bill to provide for conveyance of certain land to the city of New Orleans; with an amendment (Rept. No. 959).

By Mr. McKELLAR, from the Committee on Appropriations:

H. R. 5684. A bill making appropriations for mutual security for the fiscal year ending June 30, 1952, and for other purposes; with amendments (Rept. No. 960); and

H. J. Res. 341. Joint resolution making appropriations for rehabilitation of flood-stricken areas for the fiscal year 1952, and for other purposes; without amendment (Rept. No. 961).

By Mr. McCARRAN, from the Committee on the Judiciary, without amendment:

S. 544. A bill for the relief of Joseph Rossabi, Corrine Rossabi, Mayer Rossabi, and Morris Rossabi (Rept. No. 964);

S. 560. A bill for the relief of Dr. Louis S. K. Yuan (Rept. No. 965);

S. 589. A bill for the relief of Sister Edeltrudis Sailer (Rept. No. 966);

S. 750. A bill for the relief of Edward Chi-Kan Lam (Rept. No. 967);

S. 1045. A bill for the relief of the estate of Susie Lee Spencer (Rept. No. 968);

S. 1097. A bill for the relief of the estate of Carlos M. Cochran (Rept. No. 969);

S. 1359. A bill for the relief of Virgine Zartarian (also known as Vergin Zartarian) (Rept. No. 970);

S. 1560. A bill for the relief of Camilla Pintos (Rept. No. 971);

S. 1620. A bill for the relief of Tory Lee Eakin (Rept. No. 972);

S. 1636. A bill for the relief of Theodore Alexander Vlandy (Rept. No. 973);

S. 1683. A bill for the relief of Carlos Tannoya (Rept. No. 974);

S. 1925. A bill for the relief of Gregory Joseph Coles (Rept. No. 975);

S. 1931. A bill for the relief of Joyce Jacqualyn Johnson (Rept. No. 976);

S. 1980. A bill for the relief of Adelheid Wichman (now Adelheid Waitschies) (Rept. No. 977);

S. 2160. A bill to authorize the Attorney General to admit persons committed by State courts to Federal penal and correctional institutions when facilities are available (Rept. No. 978);

S. 2172. A bill for the relief of Mieko Takamine (Rept. No. 979);

S. 2198. A bill to amend section 1708 of title 18, United States Code, relating to the theft or receipt of stolen mail matter generally (Rept. No. 980);

S. 2228. A bill for the relief of William Elden Joslin (Rept. No. 981);

S. 2271. A bill for the relief of Carol Ann Hutchins (Sybille Schubert) (Rept. No. 982);

H. R. 596. A bill for the relief of the Alaska Juneau Gold Mining Co., of Juneau, Alaska (Rept. No. 983);

H. R. 610. A bill for the relief of Dr. Stanislaus Garstka and Dr. Marthewan Garstka (Rept. No. 984);

H. R. 658. A bill for the relief of Harold W. Britton (Rept. No. 985);

H. R. 853. A bill for the relief of Maximilian Otto Ricker-Huetter and Mrs. Eugenia Ricker-Huetter (Rept. No. 986);

H. R. 884. A bill for the relief of Johanna A. Stoots (Rept. No. 987);

H. R. 980. A bill for the relief of Kikue Uchida (Rept. No. 988);

H. R. 1457. A bill for the relief of Antranik Ayanian (Rept. No. 989);

H. R. 1851. A bill for the relief of Ark Ping Jee Nong (Ngon) (Rept. No. 990);

H. R. 2176. A bill for the relief of the Fort Pierce Port District (Rept. No. 991);

H. R. 2290. A bill for the relief of Ralph Ambrose Thrall and Minnie Hazell Thrall (Rept. No. 992);

H. R. 2506. A bill for the relief of Masunari Saito and Isao Saito (Rept. No. 993);

H. R. 2547. A bill for the relief of Yoshiko Ito (Rept. No. 994);

H. R. 2632. A bill providing for the permanent residence of Sisters Adalgisa Bellagamba, Maria Rina Montecchio, Anna Taricco, Maria Caterina Crevani, Elizabeth Baggio, Rosa Portale, Lorenzina D'Amico, Assunta Bonfiglio, Maria D'Amico, Lorenzina Scellato, Luigia Andreina Fratelli, Elena Montecchio, and Maria Bellesso (Rept. No. 995);

H. R. 2791. A bill for the relief of Mr. and Mrs. Richard E. Deane (Rept. No. 996);

H. R. 3281. A bill for the relief of Fanny Tsihrintge Papan (Rept. No. 997);

H. R. 4035. A bill for the relief of Donald I. Hamrock, Robert N. Lensch, Russell E. Ryan, and Helen P. Stewart (Rept. No. 998);

H. R. 4181. A bill for the relief of Leroy Peebles (Rept. No. 999);

H. R. 4567. A bill for the relief of Roy Sakai (Rept. No. 1000);

H. R. 4922. A bill for the relief of Patricia Ann Eddings (Rept. No. 1002);

H. R. 4929. A bill for the relief of Michael Bernard (Cervera) (Rept. No. 1003);

H. R. 4940. A bill for the relief of Suzie Ballard (Rept. No. 1004);

H. R. 4945. A bill to authorize the use of appropriations for refunding moneys erroneously received and covered for the refund of forfeited bail (Rept. No. 1005);

H. R. 4969. A bill for the relief of Susa Yukiko Thomason (Rept. No. 1006); and

H. R. 5104. A bill for the relief of Mrs. Inge L. Cuetis (Rept. No. 1007).

By Mr. McCARRAN, from the Committee on the Judiciary, with an amendment:

S. 430. A bill for the relief of Mark G. Rushmann (Rept. No. 1008);

S. 465. A bill for the relief of Oswald A. Drica-Minieris (Rept. No. 1009);

S. 993. A bill for the relief of Robert Wendell Tadlock (Rept. No. 1010);

S. 1255. A bill for the relief of Leopold Kahn, Jr. (Rept. No. 1011);

S. 1709. A bill for the relief of certain disbursing officers of the Army of the United States, and for other purposes (Rept. No. 1012);

S. 1932. A bill to authorize the establishment of facilities necessary for the detention of aliens in the administration and enforcement of the immigration laws, and for other purposes (Rept. No. 1013);

S. 2041. A bill for the relief of Meiko Shindo (Rept. No. 1014);

S. 2054. A bill for the relief of Tomizo Naito (Rept. No. 1015);

S. 2119. A bill for the relief of Claudia Tanaka (Rept. No. 1016); and

S. 2165. A bill to prevent unauthorized acceptance or wearing of foreign decorations by officers of the United States (Rept. No. 1017).

By Mr. McCARRAN, from the Committee on the Judiciary, with amendments:

S. 1538. A bill for the relief of O. E. Hambleton (Rept. No. 1018);

S. 2039. A bill to prohibit the display of the flag of the United Nations or any other national or international flag in place of or in a position equal or superior to that of the flag of the United States, and for other purposes (Rept. No. 1019); and

H. R. 3899. A bill to amend certain titles of the United States Code, and for other purposes (Rept. No. 1020).

By Mr. McCARRAN, from the Committee on the Judiciary, without amendment:

H. R. 4930. A bill for the relief of Charles H. Craft (Rept. No. 1021).

By Mr. WILEY, from the Committee on the Judiciary, without amendment:

H. R. 4687. A bill to provide for the withholding of certain patents that might be detrimental to the national security, and for other purposes (Rept. No. 1001);

ANN ARBOR CONSTRUCTION CO.—REFERENCE OF S. 122 TO COURT OF CLAIMS

Mr. McCARRAN. Mr. President, from the Committee on the Judiciary, I report favorably an original resolution providing reference of the bill (S. 122) for the Ann Arbor Construction Co., to the Court of Claims, and I submit a report (No. 962) thereon.

The VICE PRESIDENT. The report will be received, and the resolution will be placed on the calendar.

The resolution (S. Res. 224) was placed on the calendar, as follows:

Resolved, That the bill (S. 122) for the relief of the Ann Arbor Construction Co., now pending in the Senate, together with all the accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

BILLS INTRODUCED

Bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. CHAVEZ:

S. 2276. A bill for the relief of Louis Rachid Habib; to the Committee on the Judiciary.

By Mr. McMAHON:

S. 2277. A bill for the relief of Nicholas J. and Elizabeth Miura; and

S. 2278. A bill for the relief of Michael Lemos and his wife, Katina Lemos; to the Committee on the Judiciary.

TERMINATION OF STATE OF WAR WITH GERMANY—AMENDMENT

Mr. LEHMAN. Mr. President, I submit an amendment intended to be proposed by me to the joint resolution (H. J. Res. 289) to terminate the state of war between the United States and the Government of Germany, to strike from the joint resolution as reported from the Committee on Foreign Relations, the committee amendment attached to that joint resolution. I ask unanimous consent that I may make a short statement in connection with the amendment.

The VICE PRESIDENT. The amendment will be received and printed and will lie on the table, and, without objection, the Senator from New York may proceed.

Mr. LEHMAN. Mr. President, this amendment is the so-called Wiley amendment, designed to open up to new adjudication certain cases of enemy property vested by the Alien Property Custodian and settled by agreement and stipulation.

My amendment would strike this rider—this extraneous and incredible rider—from the declaration of peace with Germany.

I hope the majority leadership will bring up this vital joint resolution bringing to an end the state of war with Germany. I hope the Senate will be given an opportunity affirmatively to strike this rider from the joint resolution, and thus permit the Halbach—I. G. Farben case, to be considered by the judiciary committee as a private bill, which it properly is. I might say at this point, on the basis of the facts in my possession,

that I would certainly vote against such a bill. But in any event, such a proposal has no conceivable place in a joint resolution covering the highest exercise of legislative authority in the jurisdiction of Congress—a declaration of peace.

I hope this matter will come up before us so that we may have an opportunity to erase this shameful rider from the joint resolution and pass the resolution.

I ask unanimous consent to insert in the RECORD at this point an editorial from this morning's Washington Post and a column by Walter Winchell, both bearing on this subject.

There being no objection, the editorial and column were ordered to be printed in the RECORD, as follows:

MISCHIEVOUS RIDER

A most extraordinary—and, in our judgment, mischievous—rider has been tacked onto the House joint resolution ending the state of war between the United States and Germany. The rider, introduced by Senator WILEY, approved by the Foreign Relations Committee and due to come up in the Senate this week, provides that any citizen whose property was seized during the war by the Alien Property Custodian without a court trial to determine its enemy status and who entered into an agreement accepting compensation and relinquishing any further claim to the property may now institute a suit in court to have the settlement set aside and to recover the property or to receive additional compensation for it. The rider is irrelevant to the essential business of the joint resolution. And it would invite complicated litigation on issues long ago settled in good faith after patient negotiation.

Although the rider would reopen a number of settled cases involving complicated facts and millions of dollars, its intended special beneficiary would be a single individual, Ernest K. Halbach, whose stock in the General Dyestuffs Corp., of which he was president, was seized by the Alien Property Custodian on the ground that it was, in fact, owned and controlled by I. G. Farben of Germany. Mr. Halbach filed a suit for return of the stock, as he had every right to do; but when the suit came up for trial, he and his attorneys agreed to a settlement out of court under which he received $550,000. Apparently he believed that this was as much as he could hope to obtain from a court decision at the time.

In 1951, however—6 years later—he brought another suit charging that he had entered into the settlement as a result of duress and coercion by the Government. The charge appears to be flimsy, considering the high character of the Assistant Attorney General who negotiated the settlement and the Alien Property Custodian who approved it; nevertheless, Mr. Halbach has every right to have it considered in court and to have the final settlement set aside if he can prove that it was made under duress. That case is now being heard. But the effect of the Wiley rider would be to enable Mr. Halbach to have the settlement set aside without any showing of duress and coercion.

Generally speaking, out-of-court settlements reached fairly and in good faith ought not to be upset in this cavalier fashion. For one thing, a trial on the merits undertaken years later is very difficult to conduct: Witnesses may have died or disappeared, recollection of events may have dimmed, even vital documents may no longer be available. In the second place, the avoidance of needless litigation through reasonable compromise out of court is discouraged if settlements can be revoked whenever one of the parties becomes dissatisfied with them.

MR. AND MRS. UNITED STATES

(By Walter Winchell)

Did you know that there is a man so powerful that he can have a peace declaration between the United States and a major nation amended to include himself? If you were told that there was a representative of a foreign trust for 15 years, who had officially been declared to be engaged in breaking the Allied blockade at the beginning of the war (and that this man then was paid $36,000 a year during the war by the United States Alien Property Custodian, plus $1,800 in Christmas bonuses, plus incentive bonuses of from $15,000 to $26,000 a year, totaling in 8 years $558,600) would you rub your eyes? If, in addition, he was retired at a pension of $18,000 a year, would you continue to wonder?

Well, that's nothing. This same remarkable man, Ernest K. Halbach, was paid $557,550 by the United States Government for his enemy-controlled shares. According to the Department of Justice, Halbach made over 150 percent on an investment of $210,000. Now Halbach's powerful friends have succeeded in getting Senator WILEY, of Wisconsin, to espouse a special amendment as part of the peace declaration with Germany, by which the United States Government would be unable to plead that payment to Halbach was a bar to a future suit by him.

The German trust he represented was the I. G. Farben. The American companies with which he was affiliated are the General Aniline & Film Corp. and the General Dyestuff Corp. The whole thing adds up to the worst scandal in American history, and its climax is the brazen attempt to amend Joint Resolution 289 (the termination of war with Germany) to allow Halbach to bring suit in a case he himself settled, according to official Department of Justice files, at a terrific profit.

The case is replete with mysterious features. According to official records Leo T. Crowley, Alien Property Custodian, charged that the United States Government had used coercion and duress on Halbach to get the $557,550 settlement—which settlement netted Halbach 150-percent profit. Then, when Mr. Crowley was examined under oath (on April 3, 1951), he reversed himself and withdrew his charge of coercion. Yet Mr. Crowley himself had originally authorized seizure of the Halbach stock, and James E. Markham, deputy custodian, testified as late as April 24, 1951, that the seizure was justified, as enemy-owned, and that the settlement reached was a fair one.

What neither Mr. Crowley nor Mr. Markham explain is how the ex-representative of the German cartels was so valuable that, notwithstanding that they seized his stock—the Alien Property Office paid him a total of $558,600 in 6 years—four of them war years—and that the General Dyestuff Corp. then voluntarily voted Halbach an $18,000 a year pension. Eisenhower, Marshall, Bradley, Nimitz, Halsey, and Joe Doax performed greater services for less.

According to official records, Halbach (as far back as 1926) gave control of General Dyestuff Corp. to I. G. Farben and Farben-connected companies. Say the official Government records: "None of the GDC stockholders, Halbach included, ever owned their stock outright. Their stock was always subject to option agreements restricting the free sale or transfer of the stock and which provided for purchase from the holder at fixed prices and under fixed conditions. These option agreements were the means by which the I. G. Farben continuously retrieved control of the stock, allowing the current holder merely an interest of, at most, $100 per share.

"Thereafter, in 1940 and 1941 two successive stock dividends were declared, each for 50 percent. The end result was that Mr. Halbach's holdings were increased by 125 percent to 4,725 shares—shares for which he had made a total investment of $210,000, and for which, by the option, he could be bought out for $100 per share, or $472,500. When he settled his claim (against the U. S. Government) he was actually netting over 150-percent profit on his total investment of $210,000."

But that is not enough for Mr. Halbach. On January 23, 1951, 6 years later, after settling with the United States Government and agreeing not to sue, Halbach filed a motion to reopen the case to set aside the release and settlement on the ground that the United States had used coercion. Coercion to the tune of $558,600 in salaries, $557,550 in purchase price—and an $18,000 pension.

Under ordinary circumstances, the law is absolute that a settlement and a covenant not to sue is final. When Mr. Crowley's charges of duress collapsed, this would, ordinarily end Halbach's last chance. But listen to the amendment of the declaration of peace with Germany offered by Senator WILEY, Republican, of Wisconsin, which, by a curious circumstance, is also the home State of Mr. Leo T. Crowley, Democrat.

It reads: "Any citizen whose property was acquired by vesting or otherwise by the Alien Property Custodian may within 1 year of the effective date of this resolution institute suit to remove such property, and no agreement, compromise or release executed by such citizen during the state of war shall be pleaded in bar of such suit. A claimant hereunder shall not be required as a condition precedent of instituting such suit to tender back any benefit or consideration received by him in connection with any release, compromise or agreement executed by him, but the court shall, in its final judgment, make such order as it shall deem equitable."

The Department of Justice has stated its position: "The amendment should be taken up as a private bill. It is designed to give relief to one individual, Ernest K. Halbach." And who is this man? This is the answer: From the Kilgore committee: "After the outbreak of war in the fall of 1939, Halbach zealously guarded Farben's interests. In January 1940, Halbach went to Italy to confer with Farben officials on ways and means for Farben to evade the British blockade. On this and other occasions, Halbach worked out a program for supplying the Farben agents in South America with dyestuffs which they were no longer able to import from Germany. When these firms were placed on the British statutory or American proclaimed lists, Halbach shipped the dyestuff to consignees who were dummies for the Farben sales outfits."

Senator CONNALLY is reported to have laughed at the first suggestion that this amendment be included in the joint resolution—as a ridiculous personal bill attached to a great historical document. But when the bill came out—the cruel joke is that the joker was in.

This is more than the greatest scandal in American history. It is sacrilege against the tomb of the Unknown Soldier. * * * Every phase of it should be investigated to the last whisper.

MUTUAL SECURITY APPROPRIATIONS, 1952—NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT

Mr. McCARRAN submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 5684) making appropriations for mutual security

for the fiscal year ending June 30, 1952, and for other purposes, the following amendment; namely, on page 2, between lines 24 and 25, insert:

"ASSISTANCE TO SPAIN

"For economic, technical, and military assistance, in the discretion of the President under the general objectives set forth in the declaration of policy contained in the titles of the Economic Cooperation Act of 1948 and the Mutual Security Act of 1951, for Spain, $100,000,000."

Mr. McCARRAN also submitted an amendment intended to be proposed by him to House bill 5684, making appropriations for mutual security for the fiscal year ending June 30, 1952, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

INVESTIGATION OF MARYLAND SENATORIAL ELECTION OF 1950—INDIVIDUAL VIEWS (S. DOC. NO. 81)

Mr. JENNER. Mr. President, as a member of the Committee on Rules and Administration, I ask unanimous consent to have printed as a Senate document my individual views on the investigation made by that committee of the Maryland senatorial election of 1950.

The VICE PRESIDENT. Without objection, it is so ordered.

PUBLICATION OF HEARINGS ON FAR EASTERN QUESTION BEFORE COMMITTEE ON FOREIGN RELATIONS

Mr. McMAHON. Mr. President, I should like to make a brief announcement.

We have heard a great deal in the past couple of years about the lack of bipartisan policy concerning the Far East. Last night in Detroit our esteemed colleague, the senior Senator from Ohio [Mr. TAFT], as I read his speech, referred to the lack of consultation by the majority with the minority party concerning our policy in the Far East.

This morning it was voted in the Committee on Foreign Relations that the 1,600 pages of executive hearings on far eastern policy before that committee would be opened up for public inspection. It is planned to follow the technique that was used in the so-called MacArthur hearings. In other words, the record will be submitted to the State Department and to the Department of Defense, on a consultative basis, they to advise us what they regard as being of a classified nature.

The committee reserves to itself, however, the right to release such portions of the testimony as it may deem advisable, and each member of the committee will have furnished to him on the 3d of January the full unexpurgated record, and also the record as it is suggested for printing by the staff of the committee. Thirty days thereafter the committee will vote on any changes which have been suggested, and the report will be released.

I believe this is a long step forward in getting before the people the facts with respect to the far eastern situation. I am one of those who believe that perhaps we have spent too much time heretofore in examining what is past instead of looking toward the future, but if there are those who persist in engaging in that activity, it is my desire that the facts be made available, and I am very happy to say that, with practically full attendance of the membership, the committee was unanimous this morning in voting to make all 1,600 pages of the record of the hearings available for public inspection, and we will ascertain whether the Senate of the United States was consulted or whether it was not.

Mr. BREWSTER. Mr. President, the Senator from Maine is very happy to associate himself with the remarks of the Senator from Connecticut in welcoming this revelation, although it seems to be a somewhat belated recognition of the fact that the American people, under our system, are entitled to the facts and the truth. This is a recognition that the American people are profoundly stirred, not only about the future and the boys dying in Korea, but about the past—how they got into Korea, and what were the episodes leading up to that action. The American people want to know why 500,000,000 Chinese were lost to us, after 50 years of American policy under every President and every Secretary of State to keep China free and independent, for which we fought the Second World War under the leadership of Cordell Hull, because he would not bend the knee to Japanese aggression. Yet in the 5 years since the war, as a result of policies which were almost exclusively in the control of the administration now in power, we lost those 500,000,000 Chinese to communism.

Certainly it is very desirable that the American people should know what transpired. We have in the records of the Senate the statement repeatedly made by the late highly respected Senator Vandenberg of Michigan, that at no time, with a single exception, was he consulted on the formulation and initiation of the policies which in 5 years have lost the fruits of 50 years of American policy since John Hay.

The VICE PRESIDENT. The Chair reminds both the Senator from Connecticut and the Senator from Maine that the Senate is engaged in the transaction of routine business, and that debate is not in order. The Chair did not know that the Senator from Connecticut intended to make a speech. The Chair thought the Senator from Connecticut was placing something in the RECORD. The Senate is still in the process of transacting routine business by unanimous consent. No provision is made for debate.

Mr. BREWSTER. I appreciate that. I did not understand. I shall terminate myself very quickly.

The VICE PRESIDENT. The Chair does not ask the Senator from Maine to terminate himself. [Laughter.]

Mr. BREWSTER. I did not realize the situation.

Mr. McMAHON. Mr. President, I ask unanimous consent that the Senator from Maine may have 10 minutes.

Mr. BREWSTER. Five minutes will be sufficient.

Mr. McMAHON. Five minutes, Mr. President.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. BREWSTER. Mr. President, the Chair interrupted me in full flight. [Laughter.]

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. BREWSTER. Certainly.

Mr. McMAHON. Flight of fancy.

Mr. BREWSTER. Whether or not it is a flight of fancy will in some measure be determined by the revelations, for which the Senator from Connecticut has now provided, which may be made. I think it is a very constructive step, and I hope it indicates that as time goes on, through the troubled years which are undoubtedly ahead, there will be more and more frequent consultation between the executive departments and the committees of Congress having jurisdiction.

I think the statement of the Senator from Connecticut is a step in that direction. The Senator from Maine regrets that the Senator from Connecticut wants to wipe out all memory of the past. One can understand why this administration might like to wipe out the memory of the past.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. BREWSTER. Certainly.

Mr. McMAHON. The Senator from Maine is flying right in the face of what the Senator from Connecticut is trying to do, which is to lay bare the past, and to demonstrate that the speeches which have been made by the Senator from Maine and his colleagues on his side of the aisle, to the effect that the Senate was not consulted, are belied by the 1,600 pages spread through 60 volumes of committee reports.

Mr. BREWSTER. The Senator from Connecticut did not note that my reference was to the comment of the Senator from Connecticut in his initial statement that he rather deprecated the discussion of the past. He thought it was unnecessary, superfluous, and a waste of time.

The American people are now obviously aroused and demanding knowledge. As the Senator from Maine stated, the Senator from Connecticut has made this somewhat belated recognition of the situation, in which the Senate Foreign Relations Committee unanimously concurred. It indicates that even on the other side of the aisle progress is being made in permitting the American people to be enlightened.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. McMAHON. The delightful ability of the Senator from Maine to express a situation was never better illustrated than in the exhibition we have just had. The Senator from Connecticut was of the opinion that so long as we were going to spend so much time examining the past, it was imperative that all the facts within our control be laid bare. I understand that the Senator from Maine

joined in that determination this morning.

I will say to the Senator from Maine that it was a determination that could have been brought about by any member of the committee. In fact, as long as 6 months ago I challenged the minority on this floor to open up those executive committee reports. It was not until this morning that my patience, having been sorely tried, at last was rewarded. I made the motion to open up the reports, so they will be made available to the public. That is the most important thing. We shall have to let the record speak for itself.

Mr. BREWSTER. The Senator from Connecticut will also agree that when we came to the revelation of which he speaks, we discovered the very interesting fact that the first time the committee began to keep complete records of the consultations between the Foreign Relations Committee and the executive department was at the incoming of the Eightieth Congress, which, as I recall, was not under the control of the gentlemen on the other side of the aisle.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. BREWSTER. Just a moment.

The VICE PRESIDENT. The time of the Senator from Maine has expired.

Mr. McMAHON. Mr. President, I should like to point out, in answer to the remarks of the Senator from Maine, who talks about no record being kept before the Eightieth Congress, that that was the first Congress which functioned under the Reorganization Act, which made the keeping of committee records obligatory—and a very good thing it was. We have Patrick J. Hurley on record; and we shall make his statements public, too.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. ROBERTSON:

Address on the subject Highway Safety, delivered by him at the Virginia Highway Conference at Virginia Military Institute, Lexington, Va., on October 16, 1951.

By Mr. FERGUSON:

Address delivered by Senator TAFT at the Founders Day Republican banquet held in Detroit, Mich., on October 15, 1951.

By Mr. BUTLER of Nebraska:

Statement prepared by him relative to Senate bill 2167, providing for the abolishment of the Bureau of Indian Affairs and the repeal of the so-called Wheeler-Howard Act, introduced on September 22, 1951, by Mr. MALONE.

By Mr. WILEY:

Statements prepared by him and article entitled "Revolution in the Classroom," written by William A. Buck, and published in the September, 1951, issue of Think, dealing with visual education.

By Mr. MAYBANK:

Address by William McC. Martin, Jr., Chairman of the Board of Governors of the Federal Reserve System, before the seventy-seventh annual convention of the American Bankers' Association, at Chicago, Ill., on October 2, 1951.

By Mr. HILL:

Editorial entitled "The Business of Schools," published in Business Week for October 13, 1951.

By Mr. IVES:

Letter entitled "Psychological Weapon Urged To Tame Kremlin," written by J. Anthony Marcus and published in the October 13, 1951, issue of the New York World-Telegram and Sun.

By Mr. O'CONOR:

Article entitled "London Dentists Say 9 out of 10 School Children Are Denied Dental Care Under British Nationalized Health Services," published in the Washington Post of October 16, 1951, bearing upon the results of socialized medicine in Great Britain.

By Mr. WILLIAMS:

Editorial entitled "One Out, One To Go," published in the October 15, 1951, issue of the Journal-Every Evening, of Wilmington, Del., dealing with the recent resignation of William M. Boyle, Jr., and the case of Guy Gabrielson.

REQUEST FOR REPRINTING OF MISCELLANEOUS MATERIALS

Mr. WILEY. Mr. President, I ask unanimous consent at this time to have printed in the Appendix of the RECORD certain materials which I am now completing in my office. I should like to have these materials printed, as to be specified, in the Appendix of the RECORD prior to adjournment and in the final edition of the CONGRESSIONAL RECORD which will be published following the adjournment or recess of Congress.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

CONDOLENCES TO THE PEOPLE OF PAKISTAN ON THE ASSASSINATION OF THEIR PREMIER, LIAQUAT ALI KHAN

Mr. WILEY. Mr. President, I want to convey my sincerest sympathy to the people of Pakistan on the assassination of their Premier, Liaquat Ali Khan.

I should like to say just a few words regarding the whole pattern of assassinations which have recently occurred in the Near East and elsewhere in the world.

It is very clear to everyone concerned that the entire history of that area has been changed, and changed for the worse by a series of assassinations. The assassination of the King of Jordan, King Abdullah; the assassination of the Premier Razmara of Iran; the assassination of Ghandi, of India; and the assassination of the Premier of Pakistan are all a part of a series of terroristic acts which have robbed those countries of some of their finest leadership.

No one can forget that it was a bullet fired at an Archduke of Austria in Sarajevo which precipitated World War I; and while that war might have come without the assassination it is clear that the bullet was fatal to the hopes for peace in the Balkan powder keg.

Pakistan, as a new nation, has been making splendid contributions to the world family. We welcome Pakistan as a sister nation. We are glad to see the great progressive steps she has taken in the short time since she became independent.

As ranking Republican on the Foreign Relations Committee, I had heard the brilliant speech made by Sir Zafrulla Khan, her foreign minister, in San Francisco. We heard there the words of a great philosopher of the East who spoke with the analogies and the proverbs of his land and his people. He spoke with courage and faith. He spoke in words of beauty and tenderness which every Moslem, Christian, Hindu, Buddhist could appreciate.

Pakistan is a leader among the Moslem nations. Because she is young, she finds herself needing every leader whom she possesses. We mourn the loss of her Premier.

But most important we mourn this terroristic act. We of the West, we who believe in Anglo-Saxon fair play, we who believe in the right of every man to hold an opinion and to voice that opinion without fear of physical violence, are shocked at this whole pattern.

The entire Iranian situation would not be such as it is today if Premier Razmara had still lived. The situation in Egypt would differ if assassinations had not occurred there.

Mr. President, I ask the question, What is to be done about this series of assassinations? The answer is obvious. Every country in the world must take hold and smash the terroristic fanatic minorities which have caused these assassinations. Every country in the world must take particular vigilance that the crafty Russian agents in their midst do not fan the flames which lead to assassinations.

The pattern is, "If we cannot make you think our way, we will kill you."

Wherever an act of assassination occurs, we may be assured that Joe Stalin benefits because communism thrives on such violence, whereas the American way, the free way, thrives on fair play and nonviolence, and the right of each of us to do our own thinking freely, without fear, and to express our convictions without fear.

We cannot permit more assassinations to occur, and when I say "we," I mean every country. France had witnessed a series of assassinations in her history, as did other countries of Europe. Gradually, however, they have diminished such acts. Now it is up to the newer nations, the nations which have only recently won their freedom to take similar hold, and to learn the way of free speech and a free press. We plead with them to end this terrorism, not just for their own interest but for the interests of all the world which desperately needs peace, which needs enlightened leadership and which needs to find the answer to violence and assassination.

So, Mr. President, on the floor of the Senate, I express sincere sympathy to the people of Pakistan in the loss of a great statesman. I am sure all other Members of the Senate will join with me.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 971) for the relief of Louis R. Chadbourne.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 1038) relating to the policing of the buildings

and grounds of the Smithsonian Institution and its constituent bureaus.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 1732. An act to amend the National School Lunch Act with respect to the apportionment of funds to Hawaii, Alaska, Puerto Rico, and the Virgin Islands;

H. R. 1949. An act to retrocede to the State of Illinois jurisdiction over 154⅞₁₀ acres of land used in connection with the Chain of Rocks Canal, Madison County, Ill.;

H. R. 3954. An act to authorize the Mount Olivet Cemetery Association of Salt Lake City, Utah, to grant and convey to Salt Lake City, Utah, a portion of the lands heretofore granted to such association by the United States;

H. R. 4027. An act to provide for an agricultural program in the Virgin Islands;

H. R. 5248. An act to suspend certain import duties on tungsten;

H. R. 5411. An act to amend Public Laws Nos. 815 and 874 of the Eighty-first Congress with respect to schools in critical defense housing areas, and for other purposes;

H. R. 5425. An act to authorize construction at Air Force installations, and for other purposes;

H. R. 5426. An act relating to the reserve components of the Armed Forces of the United States;

H. R. 5505. An act to amend certain administrative provisions of the Tariff Act of 1930 and related laws, and for other purposes;

H. R. 5693. An act to amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish, and for other purposes; and

H. J. Res. 308. Joint resolution authorizing the Precident to proclaim January 13 of each year as Stephen Foster Memorial Day.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

By unanimous consent, the following bills and joint resolution were severally read twice by their titles, and referred, as indicated:

H. R. 1732. An act to amend the National School Lunch Act with respect to the apportionment of funds to Hawaii, Alaska, Puerto Rico, and the Virgin Islands; and

H. R. 5411. An act to amend Public Laws Nos. 815 and 874 of the Eighty-first Congress with respect to schools in critical defense housing areas, and for other purposes; to the Committee on Labor and Public Welfare.

H. R. 1949. An act to retrocede to the State of Illinois jurisdiction over 154⅞₁₀ acres of land used in connection with the Chain of Rocks Canal, Madison County, Ill.;

H. R. 5425. An act to authorize construction at Air Force installations, and for other purposes; and

H. R. 5426. An act relating to the Reserve components of the Armed Forces of the United States; to the Committee on Armed Services.

H. R. 3954. An act to authorize the Mount Olivet Cemetery Association of Salt Lake City, Utah, to grant and convey to Salt Lake City, Utah, a portion of the lands heretofore granted to such association by the United States; to the Committee on Interior and Insular Affairs.

H. R. 4027. An act to provide for an agricultural program in the Virgin Islands; to the Committee on Agriculture and Forestry.

H. R. 5248. An act to suspend certain import duties on tungsten;

H. R. 5505. An act to amend certain administrative provisions of the Tariff Act of 1930 and related laws, and for other purposes; and

H. R. 5693. An act to amend the Tariff Act of 1930, so as to impose certain duties upon the importation of tuna fish, and for other purposes; to the Committee on Finance.

H. J. Res. 308. Joint resolution authorizing the President to proclaim January 13 of each year as Stephen Foster Memorial Day; to the Committee on the Judiciary.

ADDITIONAL REPORT OF A COMMITTEE

Mr. McCARRAN, by unanimous consent, from the Committee on the Judiciary, to which was referred the joint resolution (H. J. Res. 308) authorizing the President to proclaim January 13 of each year as Stephen Foster Memorial Day, reported it without amendment and submitted a report (No. 963) thereon.

APPOINTMENT OF CONSERVATORS TO CONSERVE THE ASSETS OF CERTAIN PERSONS—CONFERENCE REPORT

Mr. PASTORE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 11) to provide for the appointment of conservators to conserve the assets of persons of advanced age, mental weakness, not amounting to unsoundness of mind, or physical incapacity, and I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 11) to provide for the appointment of conservators to conserve the assets of persons of advanced age, mental weakness, not amounting to unsoundness of mind, or physical incapacity, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That if an adult person residing in or having property in the District of Columbia is unable, by reason of advanced age, mental weakness (not amounting to unsoundness of mind), or physical incapacity properly to care for his property, the United States District Court for the District of Columbia may, upon his petition or the sworn petition of one or more of his relatives or any other person or persons, appoint some fit person to be conservator of his property.

"SEC. 2. Upon the filing of such petition, the court shall fix a time and place for a hearing thereon; and shall cause at least fourteen days' notice thereof to be given to the person for whom a conservator is sought to be appointed, if he is not the petitioner, and to such other persons as the court shall direct. The petition shall include, among other things—

"(1) the reasons for the appointment of a conservator;

"(2) the name and address of the person for whom the conservator is sought;

"(3) the date and place of his birth, if known; and

"(4) the names and addresses of the nearest known heirs at law, or the next of kin, if any.

The court in its discretion may appoint some distinterested person to act as guardian ad litem in any proceeding hereunder. Upon a finding that the person for whom the conservator is sought is incapable of caring for his property, the court shall appoint a conservator who shall have the charge and management of the property of such person subject to the direction of the court.

"SEC. 3. Such conservator before entering upon the discharge of his duties shall execute an undertaking with surety to be approved by the court in such maximum amount as the court may order, conditioned on the faithful performance of his duties as such conservator; and he shall have control of the estate, real and personal, of the person for whom he has been appointed conservator, with power to collect all debts due such person, and upon authority of the court to adjust and settle all accounts owing by him, and to sue and be sued in his representative capacity. He shall apply such part of the annual income and such part of the principal of the estate of such person as the court may authorize to the support of such person and the maintenance and education of his family and children; and shall in all other respects perform the same duties and have the same rights and powers with respect to the property of such person as have guardians of the estates of infants.

"SEC. 4. When any person for whom a conservator has been appointed under the provisions of this Act shall become competent to manage his property, he may apply to such court to have such conservator discharged and to be restored to the care and control of his property. If the court finds him to be competent, an order shall be entered restoring the care and control of his property to such person. The court shall have the same powers with respect to the property of any person for whom a conservator has been appointed as it has with respect to the property of infants under guardianships.

"SEC. 5. Upon filing of a petition as provided by this act the court may, with or without notice or hearing, appoint a temporary conservator of the estate of any person hereunder, if it deems such action necessary for the protection of such estate, subject to the provisions for an undertaking contained in section 3 hereof. Such temporary conservator shall serve only until such time as a permanent conservator can be appointed or until sooner discharged.

"SEC. 6. The court, in its discretion, may at any time order that the conservator or some other person shall be responsible for the personal welfare of the person whose property is under conservatorship. In such event the conservator or such other person, subject to the direction and control of the civil division of the court, shall have the same powers and duties with respect to the personal welfare of the said person as have the guardians of the persons of infants under guardianships.

"SEC. 7. Lis pendens: Upon the filing of a petition hereunder, a certified copy of such petition may be filed for record in the office of the Recorder of Deeds of the District of Columbia. If a conservator be appointed on such petition, all contracts, except for necessaries, and all transfers of real and personal property made by the ward after such filing and before the termination of the conservatorship shall be void."

And the House agree to the same.

That the title of the bill be amended to read as follows: "An Act to provide for the appointment of conservators to conserve the assets and provide for the personal welfare of persons of advanced age, mental weakness, not amounting to unsoundness of mind, or physical incapacity."

JOHN O. PASTORE,
WILLIS SMITH,
JOHN M. BUTLER,
Managers on the Part of the Senate.

OREN HARRIS,
T. G. ABERNETHY,
JOSEPH P. O'HARA,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. PASTORE. Mr. President, I should like to make an explanation of the report.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. PASTORE. I yield.

Mr. SALTONSTALL. Was the conference report unanimous?

Mr. PASTORE. It was.

Mr. SALTONSTALL. Does the Senator feel that we should call for a quorum, or are the amendments minor in nature and unanimously agreed to?

Mr. PASTORE. They are minor in character, and, if anything, I think they strengthen the bill as passed by the Senate. The Senator from Maryland [Mr. BUTLER], who is a minority member of the committee, agrees.

Mr. SALTONSTALL. I have no objection.

Mr. PASTORE. Mr. President, in view of that attitude, I ask unanimous consent to have the explanation printed in the RECORD at this point as a part of my remarks.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

The purpose of the bill as passed by the Senate on November 27, 1950, was to provide for the appointment of conservators to manage the property of persons who by reason of advanced age, mental weakness (not amounting to unsoundness of mind), or physical incapacity, are incompetent to care for their property. For the Senate bill the House substituted a bill with the same objectives, but with considerable changes in language.

The conference in effect substituted a new bill for both the House and Senate versions. The principal provisions of the substitute bill provide for the appointment of conservators upon the filing of a petition with the court. Upon the finding of the court thereon that an adult person residing or having property in the District of Columbia is unable, by reason of advanced age, mental weakness (not amounting to unsoundness of mind), or physical incapacity properly to care for his property, the court may appoint some fit person to be conservator of his property.

The bill specifies the minimum information which must be contained in such petition. It gives the court power to order the conservator to be responsible for the personal welfare of such person as well as his property, and makes any transactions by the incompetent, after filing of a petition, void. The bill provides procedures for the discharge of a conservator in the event the person under conservatorship becomes competent.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF DISTRICT OF COLUMBIA TEACHERS' LEAVE ACT OF 1949

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 657) to amend and clarify the District of Columbia Teachers' Leave Act of 1949, and for other purposes, which were, on page 3, to strike out lines 3 to 12, inclusive; on page 3, line 13, to strike out "SEC. 6." and insert "SEC. 5."; on page 3, line 13, after "who", to insert "after the enactment of this act"; on page 3, line 17, after "duties", to insert "existing at the time such leave was granted"; on page 3, strike all after line 17, over to and including line 8, on page 4, and on page 4, line 9, to strike out "SEC. 8." and insert "SEC. 6."

Mr. PASTORE obtained the floor.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. PASTORE. Yes.

Mr. SALTONSTALL. As I understand, the Senate is considering amendments of the House in which the Senator asks the Senate to concur?

Mr. PASTORE. That is correct.

Mr. SALTONSTALL. Would the Senator from Rhode Island be willing to explain the amendment?

Mr. PASTORE. Yes. This bill as it passed the Senate on June 21, 1951, amended the District of Columbia Teachers' Leave Act of 1949 to allow additional accumulation of sick leave; to permit the use of not more than 3 days of sick leave for personal reasons; allow the transfer of sick leave upon promotion, and protect the tenure of teachers granted leave without pay.

The House amended the Senate bill as follows:

First. Struck all of section 5, which was designed to correct the inequity which arose when a teacher takes leave on a Friday or Monday; in such circumstances she also loses pay for the Saturday and Sunday following or preceding the leave. It seems clear that the provision is entirely too broad.

Second. Amended section 6 to limit reinstatement rights of teachers who have been on leave without pay to those whose leave without pay begins after the effective date of the act. The House version inadvertently omitted the words ", in accordance with the rules of the Board of Education and," after the word "duties" in section 6.

Third. Struck all of section 7, which was designed to allow teachers on leave without pay to deposit in the retirement fund an amount that would have been deducted were they working. Many teachers have been on leave without pay for periods up to 10 years, and it is felt that the provisions of the Senate bill were excessively generous. The matter is covered in H. R. 3860, which passed the House and is pending in the Senate District Committee.

The subcommittee agrees that the House amendments are desirable improvements in the bill as passed by the Senate.

Mr. SALTONSTALL. The amendments are technical in nature and make the bill more operative and perhaps clarify the subject a little better than did the Senate bill?

Mr. PASTORE. That is not exactly correct. As a matter of fact, the bill as originally passed by the Senate was a little too broad and too generous. The House amendments are somewhat restrictive. If anything, they strengthen the bill as passed by the Senate.

I move that the Senate concur in the amendments of the House numbered 1, 2, 3, 5, and 6, and concur in the amendment of the House numbered 4, with an amendment adding before the words "existing at the time such leave was granted", the words "in accordance with the rules of the Board of Education."

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

AMENDMENT OF DISTRICT OF COLUMBIA TEACHERS' SALARY ACT OF 1947

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 945) to amend the District of Columbia Teachers' Salary Act of 1947, which were, on page 2, line 16, after "SEC. 5." to insert "(a)"; and on page 4, after line 24, to insert:

(b) Section 6 of such act, as amended, is further amended by adding at the end thereof a new paragraph to read as follows:

"(as) Every permanent and probationary teacher, librarian, research assistant, counselor, and instructor in the teachers colleges who—

"(1) was in the employ of the Board of Education on June 30, 1947,

"(2) had a master's degree on June 30, 1947,

"(3) had been granted credit for not more than 5 years' previous experience in schools other than public schools of the District of Columbia, and

"(4) had a salary of less than $3,500 during the fiscal year ending June 30, 1948,

shall receive, effective as of July 1, 1947, in lieu of the salary received on and after such date, a salary of $3,000, plus $100 for each year of previous experience in schools other than public schools of the District of Columbia for which credit had theretofore been granted by the Board of Education, together with annual increases thereafter in accordance with sections 5 and 7 of this act."

Mr. PASTORE. Mr. President, this bill as passed by the Senate on May 4, 1951, made certain changes in the District of Columbia Teachers' Salary Act of 1947. It created a new position of chief examiner for colored schools; it granted certain benefits to teachers now in the public schools who did not actually possess master's degrees but who had demonstrated by experience or other training that they had the equivalent to a master's degree; it created a salary grade of assistants, consultants, and supervisors; it increased the probationary period from 1 to 2 years, and eliminated the requirement that teachers must produce evidence of successful teaching at the end of 5 years in order to be eligible for annual increases.

The subcommittee agrees that the House amendments are desirable improvements in the bill as it passed the Senate.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. PASTORE. Yes.

Mr. SALTONSTALL. Is it correct to say that the House amendments are agreeable to the Senator from Rhode Island, and that they tighten up the provisions of the bill, instead of making them more generous?

Mr. PASTORE. In a sense they tighten them up a little, but actually they make the provisions more effective

and easier to operate. They tighten them up somewhat.

Mr. SALTONSTALL. They are administrative provisions which are helpful, rather than harmful.

Mr. PASTORE. That is correct.

The House amended the Senate bill by adding a new subsection (b) to section 5, which is designed to correct an inequity in the present District of Columbia Teachers' Salary Act of 1947. Under present law, teachers whose work is satisfactory are given a credit upon appointment of $100 additional salary for every year of teaching experience. In the case of teachers already on the rolls when the Salary Act of 1947 became effective, credit was given only for years of service in schools of the District of Columbia. Teachers appointed subsequent to passage of the act received a credit of $100 for each year of teaching service—up to five—approved by the Board of Education. In consequence, a teacher on the rolls in 1947 with one year of teaching service in the District and four years of approved service outside the District received a credit of only $100. A new teacher entering the service after the effective date of the act, with five years approved experience outside the District, does receive five years of credit. A certain group of teachers are therefore prejudiced by reason of the fact that they were employed by the District before the act was passed. The House amendment would correct this by allowing the Board of Education to give credit "for not more than 5 years' previous experience in schools other than public schools of the District of Columbia."

I move that the Senate concur in the House amendments.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

GRANTS FOR HOSPITAL FACILITIES IN THE DISTRICT OF COLUMBIA

The Senate resumed the consideration of the bill (H. R. 2094) to amend the act of August 7, 1946, so as to authorize the making of grants for hospital facilities, to provide a basis for repayment to the Government by the Commissioners of the District of Columbia, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Benton	Frear	Kerr
Brewster	Fulbright	Kilgore
Bricker	George	Knowland
Butler, Md.	Green	Langer
Butler, Nebr.	Hayden	Lehman
Capehart	Hendrickson	Magnuson
Carlson	Hennings	Malone
Case	Hickenlooper	Maybank
Chavez	Hill	McCarran
Connally	Hoey	McFarland
Cordon	Holland	McKellar
Dirksen	Humphrey	McMahon
Dworshak	Hunt	Millikin
Eastland	Ives	Monroney
Ecton	Jenner	Moody
Ellender	Johnston, S. C.	Morse
Ferguson	Kefauver	Murray
Neely	Smathers	Underwood
O'Conor	Smith, Maine	Watkins
O'Mahoney	Smith, N. J.	Wiley
Pastore	Smith, N. C.	Williams
Robertson	Sparkman	Young
Saltonstall	Stennis	
Schoeppel	Taft	

Mr. McFARLAND. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

The Senator from Illinois [Mr. DOUGLAS], the Senator from Texas [Mr. JOHNSON], and the Senator from Louisiana [Mr. LONG] are absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Utah [Mr. BENNETT], the Senator from Washington [Mr. CAIN], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], the Senator from South Dakota [Mr. MUNDT], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from Missouri [Mr. KEM], the Senator from Wisconsin [Mr. McCARTHY], and the Senator from Idaho [Mr. WELKER] are absent on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from California [Mr. NIXON], and the Senator from Nebraska [Mr. WHERRY] are necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

The VICE PRESIDENT. A quorum is present.

Mr. PASTORE. Mr. President, on August 7, 1946, Public Law 648 became law. This act in its original form authorized an expenditure of $35,000,000 for the construction of a hospital center in the District of Columbia and for assistance to hospitals which were unable or unwilling to participate in the plans for a proposed hospital center. By amendment on the floor of the House, the latter provision was stricken out, although the amount of the authorized expenditure remained unchanged.

The purpose of House bill 2094 proposing an amendment to the act is to authorize assistance to the hospitals not participating in the hospital center. It is presently estimated that the center will cost approximately $21,700,000; the balance of the original authorization of $35,000,000 will therefore be available for the purposes of this act.

The design of the proposed amendment to the act, Mr. President, is that the hospitals in the District of Columbia, in order to be eligible for the benefits of the amendment, must contribute 50 percent of the cost of construction of new facilities. The remaining 50 percent is to be advanced by the Federal Works Administration, and 30 percent of this 50 percent, or 15 percent of the total cost of construction, is to be repaid by the District of Columbia in installments of 3 percent annually for 33⅓ years, without interest.

The testimony before the committee conclusively demonstrated the urgent need for additional hospital facilities in the District of Columbia and the impossibility of obtaining such additional facilities without the incentives supplied by the proposed amendment.

The Hill-Burton Act has provided little relief for the District of Columbia, first because the per capita income in the District of Columbia is high and the benefits to the District of Columbia under the Hill-Burton Act are, therefore, low; and, second, because the hospitals in the District of Columbia are largely responsible for serving the outlying population, which is almost as numerous as the population of the District of Columbia, but for which no credit under the Hill-Burton Act is available.

Furthermore, the population of Washington consists of approximately 20 percent Federal employees, and the contribution provided by the amendment for hospital construction is a proper recognition of the interest of the Federal Government in the welfare of its employees.

The only objection raised to the bill, which was unanimously reported by the full committee, was on the ground that the bill violates the provision in regard to separation between church and state, and, therefore, the first amendment to the Constitution. It is the feeling of the committee that this objection is clearly without merit. The hospitals which will be eligible treat patients without regard to their religious beliefs, and no attempt is made to use these institutions as an instrument for propagating any religious faith.

Mr. President, at this juncture I may say that various representatives of the hospitals which are intended to benefit under this amendment appeared before the committee. I should like at this time to read certain of the testimony given at the hearing, because I think it will be of interest to the Members of this body, and that it weighs pretty heavily on the argument which is being made that the bill violates the first amendment to the Constitution of the United States. Typical of the statements made before the committee is that of Paul B. Cromelin, chairman of the board of trustees of Sibley Memorial Hospital. In the main Mr. Cromelin testified that new and added facilities are absolutely needed in the District. The District of Columbia has a population of about 802,000, but the hospitals also service the metropolitan area, which has about 1,400,000 population.

In other words, it must be abundantly clear to Members of the Senate that the metropolitan population of the District of Columbia which is being serviced by the hospitals of the District of Columbia, and which would be the limits within which the benefits of the Hill-Burton Act could be given——

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. PASTORE. I yield to the Senator from Texas.

Mr. CONNALLY. What about hospitals throughout the United States? Are there not other cities and towns which need hospitals, as well as the District of Columbia?

Mr. PASTORE. Of course there are.

Mr. CONNALLY. This bill is restricted to the District of Columbia, which is a rich city. It ought to be able to raise its own funds for hospitals within the District. The bill would provide authority to make grants to private agencies. What is that for? Who are the private grantees?

Mr. PASTORE. The private grantees?

Mr. CONNALLY. Yes. To whom is this money to be given?

Mr. PASTORE. It is to be given to the four hospitals, and I shall be glad to enumerate them for the distinguished Senator from Texas.

Mr. CONNALLY. No; the Senator need not do that. How about new organizations?

Mr. PASTORE. New organizations could come under it, too.

Mr. CONNALLY. Mr. President, I think this bill ought to be defeated. It would open up the whole field of making grants for the purpose of increasing the number of hospitals, when there are already a great many hospitals in the city. The city is rich. It is practically free from taxation by the Federal Government. Apparently the desire is to establish some sort of bureau to hand out money—first to this one, then to that one, and then to the other one. I think the bill ought to be defeated, and I shall vote against it.

Mr. PASTORE. Mr. President, if the Senator will bear with me for a moment, I think we overplay the idea that the District of Columbia is a rich district. To be sure, there are many Federal employees living within the District, and it is necessary to start with the premise that they are not permanent residents of the District of Columbia, and therefore the voluntary hospitals in the District have been having a very difficult job of getting endowments and contributions—a more difficult job than other cities in the various States of the Union have—simply because there is not in the District of Columbia the pride of residence. People go to a hospital; those who can afford to pay do so, but those who cannot afford to pay cannot receive the medical attention they need, unless something is done to expand the facilities presently existing in the District of Columbia. It is a rich District of Columbia, but there is not that pride of belonging; and until there is such a pride, it will be impossible to get the necessary contributions, such as are given in the various cities and towns of the State of Texas and of the State of Rhode Island.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. PASTORE. I yield.

Mr. CONNALLY. The Senator would build up this program on pride. Is that the idea?

Mr. PASTORE. On pride and upon mercy.

Mr. CONNALLY. We have a good deal of pride and mercy, but how about money? It will take money to carry on this program.

Mr. PASTORE. That is correct.

Mr. CONNALLY. The money comes out of the Treasury. It is collected from all the people of the United States. The Senator would tax all the people of the United States in order to be in a position to make free gifts, to be handed out to certain private agencies and concerns. I want to tell the Senator that the supply of money is going to be exhausted after awhile, and that this city is able to support the hospitals of the District. This city is rich. The District of Columbia may make appropriations if it wants to now, but I refuse to take money out of the Federal Treasury for the District of Columbia, when it is not similarly taken out of the Treasury for other cities throughout the United States that need hospitals, and that probably need them worse than does the District of Columbia.

Mr. PASTORE. Mr. President, if the Senator will bear with me for another moment, I may say that in 1946, when the original act was passed—not as reported by the committee of the House, but as passed on the floor of the House—there was authorized the appropriation of $35,000,000 with which to build a hospital center or a health center in the District of Columbia. That is the law today. The commitments under that law are up to $21,700,000. All this bill seeks to do is to rectify an inequity which was allowed to come into being at that time, by merely making it possible now for the other hospitals of the District of Columbia to participate in the benefits of that authorization. We are not authorizing further money. We are merely allowing other hospitals in this community, which are nonprofit, voluntary hospitals, to participate in the benefits of that authorization.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield for a question?

Mr. PASTORE. I yield.

Mr. JOHNSTON of South Carolina. Why have they not come forward to obtain the money under that act, then?

Mr. PASTORE. Under what act?

Mr. JOHNSTON of South Carolina. Under the act about which the Senator is speaking, under which an authorization of $35,000,000 was provided.

Mr. PASTORE. Because they were omitted from the benefits of the act when it was passed in 1946.

Mr. JOHNSTON of South Carolina. In what way?

Mr. PASTORE. Because the bill was amended in the House, and they were deleted from the bill.

Mr. JOHNSTON of South Carolina. A health center was provided for, and they could apply for money through the health center and get it, could they not?

Mr. PASTORE. If they wanted to join the health center.

Mr. JOHNSTON of South Carolina. But they did not do it, is that correct? They wanted the Federal Government to give the money directly to them, denominational institutions. Is that not a fact? That is what I am opposing. They can apply for the money and get it now, but they will not come through the health center as all the others are doing.

Mr. LANGER. And they are getting the money without interest, are they not?

Mr. JOHNSTON of South Carolina. Yes; they are getting the money without interest.

Mr. PASTORE. If the Senator from South Carolina will bear with me for a moment, in the Eighty-first Congress—and I hope the Senator does not consider me impertinent in bringing up this matter—in the Eighty-first Congress, the Senator from South Carolina [Mr. JOHNSTON] introduced Senate bill 1273; and this is the way the bill read:

> To make grants to private agencies, in cash or in land or other property.

In the explanation of the bill, particularly line 13, it says:

> The term "private agency" shall mean any nonprofit private agency operating hospital facilities in the District of Columbia.

Therefore, Mr. President, when the Senator from South Carolina was a Member of this body and I was not, he introduced the same bill that is being considered by the Senate today.

Mr. JOHNSTON of South Carolina. I introduced that bill only for the purpose of getting the subject before the committee, in order that the committee might study it; and, so far as I am concerned, having studied it, I am against the pending bill. I hope it will be defeated, because it will set a precedent in the United States which will worry every Senator. Mr. President, I invite Senators to observe whether my prediction does not come true.

Mr. HUNT. Mr. President, will the Senator yield, for a question?

Mr. PASTORE. I yield to the Senator from Wyoming.

Mr. HUNT. I am much intrigued by the statement of the Senator from Rhode Island, which I think is entirely erroneous, to the effect that moneys granted under the Hill-Burton Act are not subject to interest, and this particular item also would not be subject to interest. The distinguished Senator, in making his statement—and I made the same error when I handled this bill for the Senator a week ago—said, "without interest."

Let me say the text of the statement that Hill-Burton funds granted to any State for hospitalization bear no interest is in error, whether the funds be granted to organizations in the State of North Dakota or in the State of Wyoming or in the State of South Carolina or to people in the Senator's State of Rhode Island. So I think the importance of that idea that it is to be without interest should be debunked, so to speak, for it simply is not correct.

Mr. PASTORE. Mr. President, if I may reply to the statement of the distinguished Senator from Wyoming——

The PRESIDING OFFICER (Mr. STENNIS in the chair). The Senator from Rhode Island has the floor.

Mr. PASTORE. We have a very special, unique, particular, and specific situation in the District of Columbia. The District of Columbia cannot be classified

as a city. It is not classified as a State. The District of Columbia is the responsibility of the Congress. We have a responsibility to meet here, and when it is suggested that we are doing something for the District of Columbia which we are not doing for other cities in the States of the Union, I think we are stretching the point a little bit too far. If we are to argue at this point that the giving of this assistance to voluntary nonprofit hospitals in the District of Columbia is a violation of the first amendment of the Constitution of the United States, which has to do with the separation of church and State, then in order to be consistent in our argument we must maintain that the Hill-Burton Act is unconstitutional, because, as I understand the Hill-Burton Act, it gives Federal grants to the various States to be used by nonprofit hospitals in order to expand their facilities or to build new ones.

Insofar as the violation of the Constitution of the United States is concerned, that suggestion has no place here, because we went over that hump a long time ago, when in 1946, we passed the Hill-Burton Act. Today in any State of the Union, under the provisions of the Hill-Burton Act, any committee organized under the auspices of the State can allocate to the various hospitals the benefits they require in order to build up their facilities.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. LANGER. The distinguished Senator knows very well that if Texas or South Carolina or any other State takes advantage of the Hill-Burton Act the State has to raise a certain amount of money. The Hill-Burton Act provides for the contribution of only a portion, and for the money they receive they have to pay interest, while under the bill we are discussing the entire sum goes to the District of Columbia.

Mr. PASTORE. That is not exactly correct.

Mr. LANGER. Why not?

Mr. PASTORE. I will explain it to the Senator. Under the Hill-Burton Act, the hospital itself puts up 50 percent. There is a graduated scale. The institution itself pays a part of the cost and the Federal Government supplies the rest in a Federal grant. So the identical principle is carried out. The private agency puts up 50 percent of the money, the United States Government puts up the other 50 percent, and 15 percent of the hundred percent is paid back by the District of Columbia to the United States Treasury over a period of 33⅓ years. Therefore, we have joint participation in order to expand hospital facilities to bring care, comfort, and convalescence to people who cannot otherwise receive such benefits.

Mr. LANGER. Why could they not get the care here as well as in any State of the Union. We construct a great army installation, or we build a town at Fort Peck, where thousands and thousands of employees must be located. Just because we put them there, would the Senator say that the United States Government should permit them to be treated free of charge?

Mr. PASTORE. They do not get treated free of charge unless they are indigent.

Mr. LANGER. The Senator says we are going to take care of all these people because they need help.

Mr. PASTORE. All I am saying to the distinguished Senator from North Dakota is that the responsibility of providing these facilities is not primarily, exclusively, and alone that of the nonprofit hospitals. They have been organized to give care to sick people, without profit. They cannot expand their facilities today. There are many persons who need hospital care and cannot get it. The hospitals are willing to expand, they are willing to put up half the money, and now we hear it said, "No, you cannot do this act of mercy because we have to put up 50 percent of the money."

Mr. LANGER. I think the Senator is mistaken in what he is saying.

Mr. PASTORE. I do not think I am mistaken.

Mr. O'CONOR. Mr. President, will the Senator yield?

Mr. PASTORE. I yield to the Senator from Maryland.

Mr. O'CONOR. Is it not a fact that in the District of Columbia there has been a crying need for expanded hospital facilities and that those persons who have been in a position to observe realize that long since the existing hospital facilities have not been sufficient to cope with the needs of the people of the District?

Mr. PASTORE. If the Senator will bear with me for a moment, I should like to read from the testimony before the committee given by Mr. Paul Cromelin, who is chairman of the board of trustees of the Sibley Memorial Hospital. So far as I know, he receives no compensation for the duties he performs as such. I may be incorrect in that statement.

Mr. O'CONOR. Let me say that the Sibley Memorial Hospital is an excellent hospital, under excellent direction, and that it has performed a magnificent work.

Mr. PASTORE. Let me read the testimony which guided the subcommittee in reaching the conclusions which it reached:

We have a 350-bed hospital. I suppose we would be denominated as a creature of the Methodist Church by reason of the fact that a majority of the board of trustees of our institution are Methodists, and we come under the Women's Society of Christian Service of the Methodist Church which conducts a number of orphanages, schools, colleges, and hospitals, and so forth throughout North America.

Our buildings are old. Our oldest building is an old type of construction approximately 50 years of age. There are constant repairs, and we have for a number of years been trying to formulate some plan whereby we could have a modern building and modern institution there.

We are located at North Capitol and M Streets NW., which is approximately 10 squares north of the Capitol, and we are in an area that by reason of the terminal yards and the railroad and industrial plants and so forth immediately to our east, we have a great many dispensary cases that are brought into the hospital, approximately 10,000 during last year.

A record has been kept of the amount that we received from them, and in those cases we have received less than 50 cents——

Senator PASTORE. Is your institution a profit or a nonprofit one?

Mr. CROMELIN. It is a nonprofit hospital.

Senator PASTORE. And do you feel that expansion and new construction will have to be made at your institution or at your hospital in order to meet the needs of the community?

Mr. CROMELIN. We feel that it is absolutely essential.

Senator PASTORE. And do you feel that you can make this appropriate expansion whether or not you have planned it, without this assistance?

Mr. CROMELIN. I can say to you that it will be absolutely impossible. Whether or not we are going to be able to raise the 50 percent afterward is one problem, but certainly we cannot even undertake it unless we have some assistance of some sort.

Senator PASTORE. Let me get this straight on the record. You are saying that there is a definite need for improvement of your facilities?

Mr. CROMELIN. Yes, sir. We have our plans drawn. Our plans were drawn 5 years ago at a cost of approximately $20,000 to $25,000. We own the ground. We have the existing antiquated buildings.

Senator PASTORE. With the needs of the community as patronized by you, or as this community patronizes you, is that absolutely necessary that this expansion be effected?

Mr. CROMELIN. In my opinion, undoubtedly.

Senator PASTORE. And the third point is that this expansion cannot be effected unless you get this help from the Federal Government?

Mr. CROMELIN. That is my opinion, sir. Now the statement was previously made as to whether or not we are a religious institution by reason of the fact that we are sponsored by the Methodist Church.

Senator PASTORE. Do you have any qualms here that there is any violation of the Constitution of the United States of America?

Mr. CROMELIN. No, sir; and I want to show you that we are a charitable institution, that what we are interested in is to administer to the sick, and it so happens that a survey was made of our institution a few years ago, a number of years ago, and the ratio is approximately the same today as to just what religious denomination we did serve.

Mr. O'CONOR. Mr. President, will the Senator yield at that point?

Mr. PASTORE. I yield.

Mr. O'CONOR. I thank the Senator from Rhode Island very much, because he has answered directly the point which I had in mind. I desire to ask him another question, but before doing so, I should like to say that while the Senator from Rhode Island has read testimony to the effect that this particular institution is under the Methodist Church, may the Senator from Maryland say that a great number of the people of his State and adjoining States have been treated at the Sibley Hospital, and never once have they been asked as to their religion, and they have never been excluded by reason of their color. On the contrary, Sibley Hospital has given generously and charitably, and, I may say, at a great saving to the Federal Government.

That leads me to the question which I should like to ask the Senator from Rhode Island, who has been a very successful governor of his State. Is it not true that throughout the country institutions of this kind have actually saved the Government large amounts of money by reason of the fact that they have operated as nonprofit institutions and have given service without cost?

Mr. PASTORE. Let me say to the distinguished Senator from Maryland that, after all, ministering to the sick is a public responsibility and a community responsibility. In the District of Columbia there is no State legislature and no municipal form of government and no semblance of home rule, on whom would the responsibility fall? If all the nonprofit hospitals in the District of Columbia decided to close tomorrow, the Congress of the United States would have to begin to build hospitals in this community if the Congress were to meet its responsibility. Here we have these well-established hospitals which cater to all the people.

Mr. O'CONOR. The Senator from Rhode Island is undoubtedly correct. The cost which would be levied on the people of the District if these hospitals were not continued in operation would be staggering. I place no stock in the contention as to the religious question, because, while these hospitals administer to the indigent and the helpless, they are not giving the patients any religious instruction.

Mr. PASTORE. To build a 350-bed hospital today would cost about $6,000,000. Does the Senator from Maryland know what the allotment is to the District of Columbia under the Hill-Burton Act?

Mr. O'CONOR. How much is it?

Mr. PASTORE. No less than about $250,000, and no more than $450,000, when the appropriation was $150,000,000 for the entire country. Therefore, we are saying to the District, "You satisfy yourselves under the Hill-Burton Act, which gives you no more than $450,000 a year, to extend facilities in the District which would run into the millions of dollars."

Mr. O'CONOR. Mr. President, will the Senator yield further?

Mr. PASTORE. I yield to the Senator from Maryland.

Mr. O'CONOR. I was very much impressed by the statement of the Senator from Rhode Island that there is not in the District, as there is in other municipalities, what he very properly and very accurately described as "pride of citizenship." It is to be understood that there are a great many citizens in the District who are of the very finest, but, on the other hand, there is a large transient population.

Is it not a fact, and has not the Senator from Rhode Island ascertained, that, unlike the situation in a number of other municipalities throughout the country, in the District of Columbia there has not been the great number of bequests, grants, or gifts from large employers and from industrial organizations, such as the hospitals in the States are able to get?

Mr. PASTORE. As a matter of fact, there is hardly any industry in the District of Columbia, to begin with. Then, as the Senator has said, there are many transient employees who have come to the District of Columbia, but they do not have the equivalent of the pride of citizenship which the Senator and I have seen in our own bailiwicks. Persons come to Washington to work here, and in many instances perhaps they make contributions to the Community Chests back home, and pay their taxes back home, and pay hardly anything into the Community Chest or by way of taxes here. Therefore, the hospitals in the District find it doubly hard to carry on. If all patients were actually compelled to pay for the services rendered by the hospitals, the result would be that the hospitals would be only for the rich, and the poor would not have any place to go.

Mr. O'CONOR. The Federal Government is perhaps the largest employer in this community, is it not?

Mr. PASTORE. The Senator is correct; and I should like to add that there is in the District an estimated population of about 800,000, but the hospitals are serving a metropolitan population of more than 1,400,000.

Mr. O'CONOR. If the Senator will allow me to say so, I think he has made an excellent presentation and a persuasive argument, and I indeed hope the bill will be passed.

Mr. PASTORE. When Congress went along with the idea of giving $21,000,000 to the hospital center, which was a very meritorious and worth-while project in itself, we recognized that federally we had to participate in building up the hospital facilities in the District of Columbia. All the pending bill does is to do complete equity by allowing the grants remaining, in the sum of about $13,000,000, to the other voluntary nonprofit hospitals in this community which are perfectly willing to house the sick and treat them. They are saying to the Federal Government, "We will put up half the money to provide for the sick in the District of Columbia." Whose responsibility is it? If it is not the responsibility of the Congress of the United States toward the District of Columbia, I should like to know whose it is.

Mr. O'CONOR. Unless it is done in the manner in which the Senator from Rhode Island and the committee describe, it will not be done, because in the past, as experience has shown, it has been impossible to do it in other ways. I agree entirely with what the Senator has said as to the urgency of the situation, and as to the fact that what is proposed is the best method by which this desirable result can be accomplished.

Mr. PASTORE. When the representatives of the hospitals came before the committee two questions were immediately raised, first, whether there was need for the facilities, and, second, whether they could build them without Federal grants.

The first question was answered in the affirmative; it was proved that they need the facilities. To the second question, they all replied that unless they received the money sought they could not complete their plants and provide the new facilities. That is the question. It is my fervent hope and wish that the Senate will allow these voluntary hospitals to share in this plan, this well-thought-out and sensible plan, one that is not extravagant in any sense of the word.

Mr. HUNT. Mr. President——

The PRESIDING OFFICER (Mr. SMITH of North Carolina in the chair). Does the Senator from Rhode Island yield to the Senator from Wyoming?

Mr. PASTORE. I yield.

Mr. HUNT. Would the Senator say there was any differentiation whatsoever in the type of treatment patients receive at the private hospitals, as compared with the hospital centers of the cities?

Mr. PASTORE. Of course not.

Mr. HUNT. It is all exactly the same type of treatment?

Mr. PASTORE. Yes.

Mr. HUNT. On the same standard?

Mr. PASTORE. Yes.

Mr. HUNT. Would the Senator further say that he agrees with me that to a certain extent the type of treatment or standard of treatment and the degree of treatment received by patients has some relationship to the physical equipment of a hospital?

Mr. PASTORE. Decidedly so.

Mr. HUNT. Would the Senator say that these private hospitals have always taken every patient who wished to be admitted, regardless of his color, regardless of his creed, or of his race, and that the fact that he needed hospitalization was the sole and guiding reason why he was or was not admitted?

Mr. PASTORE. That is correct.

Mr. HUNT. Can the Senator give me any reason in justice why these hospitals are not as much entitled to Hill-Burton money as is the hospital center?

Mr. PASTORE. They are just as much entitled, but the point is that because of the very complexion of the District of Columbia, the Hill-Burton formula is a very strange one in this jurisdiction. First of all, it is predicated upon the population of the State, and, secondly, upon the per capita wealth of the State. When we boil the formula down to a practicality, as it applies to the District of Columbia, we find that the District receives annually about $300,000. That does not even scratch the surface.

Mr. HUNT. No one can disagree with the statement that the governmental functions of the District of Columbia are entirely different from those of any other governmental organization in the United States. There can be no question about it.

Mr. PASTORE. No; of course not.

Mr. HUNT. Therefore a different formula is needed to treat a different situation under the Hill-Burton Act, and I am very hopeful that the position of the Senator from Rhode Island will pervail, because I can see absolutely no reason why hospitals in this city, which are all rendering the same type of service, should not all be treated alike.

Mr. PASTORE. Let me add that we went over that hump in 1946 when we allowed the Hospital Center to be established. True enough, it has not yet been built, and the site has not been chosen,

but $21,700,000 has been committed. When we recognized the need and recognized the efficacy of allowing Federal grants to carry out that program, certainly we committed the Congress of the United States to provide for hospital facilities in the District of Columbia.

Are we going to restrict the appropriation to a few who join the Health Center, or are we going to make it available to all nonprofit hospitals? I ask, where are we to establish the line of mercy? Why are the people who go to the Methodist hospital or the Catholic hospital any different from people who go to any other hospital?

Mr. HUNT. Does the Senator think the Senate of the United States ought to show preference to any type of hospital that is rendering the same type of service?

Mr. PASTORE. In my thought, all we have to consider is that a hospital is nonprofit, that it is voluntary, and that it will minister to the want of any race, color, or creed. That is how we justify ourselves under the Constitution of the United States of America.

Mr. HUNT. We have exactly the same obligation to them all.

Mr. PASTORE. That is correct.

Mr. Cromelin said:

> In that area there were 6,840 patients served. Of that number, 3,027, or less than half, were Protestants. The total number of Protestants was 3,027, Roman Catholics, 1,074; and of the Protestants that were served, 189 happened to be Methodists. We had 124 Baptists, Presbyterians, Lutherans, Christians, Episcopalians, United Brethren, Congregationalists, 275 of the Jewish faith, Syrians, Greeks, Mormons, Chinese, Christian Scientists, Nazarenes. One thousand nine hundred and three, unfortunately, were of no religious faith.

What does that prove? Does it prove the drawing of a religious line, or does it prove that there has been mercy for all, regardless of race, color, or creed?

Mr. LANGER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names.

Benton	Ives	Pastore
Butler, Md.	Jenner	Saltonstall
Butler, Nebr.	Johnston, S. C.	Schoeppel
Carlson	Kefauver	Smith, N. J.
Case	Langer	Smith, N. C.
Chavez	Lehman	Sparkman
Dworshak	Magnuson	Stennis
Ellender	McCarran	Taft
Ferguson	McFarland	Underwood
George	McMahon	Wiley
Hennings	Monroney	Williams
Hill	Moody	
Humphrey	Neely	

The PRESIDING OFFICER. A quorum is not present.

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BREWSTER, Mr. BRICKER, Mr. CAPEHART, Mr. CONNALLY, Mr. CORDON, Mr. DIRKSEN, Mr. EASTLAND, Mr. ECTON, Mr. FREAR, Mr. FULBRIGHT, Mr. GREEN, Mr. HAYDEN, Mr. HENDRICKSON, Mr. HICKENLOOPER, Mr. HOEY, Mr. HOLLAND, Mr. HUNT, Mr. KERR, Mr. KILGORE, Mr. KNOWLAND, Mr. MALONE, Mr. MAYBANK, Mr. MCKELLAR, Mr. MILLIKIN, Mr. MORSE, Mr. MURRAY, Mr. O'CONOR, Mr. O'MAHONEY, Mr. ROBERTSON, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. WATKINS, and Mr. YOUNG entered the Chamber and answered to their names.

Mr. JOHNSTON of South Carolina. Mr. President, I want every person to know that I am in favor of hospitals anywhere and everywhere. I should like to see hospitals built within the District, within my State and within other States, sufficient in number to care for all the people who need hospitalization. But that is not the question before us today.

Mr. President, in my opinion, the principle involved in this bill is wrong. The committee report of the bill states that it would permit the Federal Works Administration to extend assistance in the construction of new hospital facilities, not to exceed 50 percent of the cost of such projects. Of the amount advanced by the Federal Works Administration, the Commissioners of the District of Columbia would be required to repay 30 percent in 33⅓ annual installments of 3 percent without interest.

Money has been paid into the Federal Treasury by people of many different religious beliefs and faiths. These people thought that such money, when they paid it in the form of taxes, was to operate the Government of the United States, and was not to be taken from the Treasury and expended for church hospitals. If such a practice as this is allowed, faith with the American people will have been broken.

This bill would set a precedent in regard to grants to hospitals. The hospitals in the District of Columbia up to this time have received, under the Hill-Burton Act, $1,375,000 or $275,000 a year. Let us distinguish the various acts. We have the Hill-Burton Act, which provides money to be given to hospitals. We then have another act establishing what is known as the health center in Washington. That is in addition to the Hill-Burton Act.

Mr. KERR. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Oklahoma.

Mr. KERR. Is there not a large sum of money presently available through the health center program in the District of Columbia?

Mr. JOHNSTON of South Carolina. I refer to Public Law 649, of the Seventy-ninth Congress, the last section of which reads:

> For carrying out the purposes of this act—
>
> Speaking of the Health Service—
>
> including administrative expenses, there is hereby authorized to be appropriated during the period ending June 30, 1952, the sum of $35,000,000, to be appropriated at such times and in such amounts as the Congress shall determine.

The Congress set up a health center within the District of Columbia. The question rises in my mind, why have these institutions not come to the health center? The money is there.

Mr. KERR. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. That is in addition to the money available through the Hill-Burton Act, is it not?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. KERR. And that is for the current fiscal year, is it not?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. KERR. Most of it is still unexpended, is it not?

Mr. JOHNSTON of South Carolina. That is correct, according to my understanding.

Mr. PASTORE. Mr. President, will the Senator yield for a question at that point?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. Is it not a fact that the District of Columbia, under the program developed through the Hill-Burton Act, would receive only about $300,000, as against North Carolina, which would receive $6,000,000 in 1 year?

Mr. JOHNSTON of South Carolina. In answer to the Senator from Rhode Island, I may say that under the Hill-Burton Act there is taken into consideration the population and the per capita wealth in a particular locality, wherever it may be, whether in a State or in the District of Columbia. Does that answer the question?

Mr. PASTORE. Not adequately.

Mr. JOHNSTON of South Carolina. That is the formula of the Hill-Burton Act.

Mr. PASTORE. The fact of the matter is that the whole formula was developed taking into consideration the State situation.

Mr. JOHNSTON of South Carolina. That was taken into consideration, because it was found that States whose per capita wealth was very low could not properly care for the people within the State, and for that reason the formula was written into the law known as the Hill-Burton Act.

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. Then the Senator takes the position, does he not, that $300,000 a year is adequate to expand the facilities for hospital care in the District of Columbia?

Mr. JOHNSTON of South Carolina. I should like to remind the Senator that there is also a Health Center. There is an authorization of $35,000,000 more for the purpose of taking care of the situation within the District.

Furthermore, the record shows that the Federal Government has been most liberal with the people of the District of Columbia in the construction of hospitals. The Federal Government contributed 70 percent of the cost of Georgetown Hospital. The Federal Government contributed 70 percent of the cost of George Washington Hospital.

Mr. CASE. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CASE. Do I understand correctly that the Federal Government has already contributed 70 percent to both George Washington and Georgetown Hospitals?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. CASE. And is that also true——

Mr. JOHNSTON of South Carolina. If the Senator will permit me to finish, the Federal Government contributed 100 percent of the cost of Freedmen's Hospital, and will contribute 70 percent of the cost of the Hospital Center, which will amount to about $21,000,000.

Mr. CASE. Did those contributions come out of the Federal Treasury or out of the treasury of the District of Columbia?

Mr. JOHNSTON of South Carolina. The Federal Government contributed the amounts I have spoken of, to the extent of 70 percent.

Mr. CASE. My reason for wanting to establish that point is that I understand also that there are indigent patients, and that the hospitals receive $9 a day for the care of such patients. Could the Senator advise me with certainty about that?

Mr. JOHNSTON of South Carolina. Is the Senator's question the question of who pays the cost?

Mr. CASE. I understand that in the case of indigent patients in the District of Columbia, the District Government pays $9 per day for the care of such patients at these hospitals.

Mr. JOHNSTON of South Carolina. The Senator from South Dakota is on the District of Columbia Committee with me, and I agree with him. My understanding is that $9 a day is paid for such patients.

Mr. CASE. That is the information I was given by another Member of the Congress who had gone into the matter.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. As I understand, the Senator from South Carolina is taking the position that because the Government has granted all this money to hospital facilities there is no need of any further grants. Is the Senator talking about the principle of granting money?

Mr. JOHNSTON of South Carolina. No. I wish the Federal Government were able to grant to the State of South Carolina the money that we need to build hospitals. I wish it could grant to every State in the Union enough money to build necessary hospitals. But if it cannot do so, and we start out giving money to the District of Columbia, what is going to happen? If this bill is enacted into law, every State in the Union could justly come before Congress and say, "We are entitled to the same treatment that you have given to the District of Columbia." Is not that true?

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. I yield. But will the Senator answer that question?

Mr. PASTORE. I will answer it. I cannot follow the Senator's argument. He says that the Government has given 70 percent to the George Washington Hospital, 100 percent to Freedmen's Hospital, and also $35,000,000 to the Health Center. He is opposed to the bill because he thinks the precedent is bad. Is that correct?

Mr. JOHNSTON of South Carolina. I am opposed to it because of the precedent we are setting. Let the hospitals apply to the Health Center and get the money. Let them go through the proper channels as other hospitals do within the States. It is true that the District of Columbia is different from any State in the Union.

Mr. PASTORE. Does the Senator know that at the time the Health Center was established, in the very bill that was reported from the committee the amendment on which we are acting today was a part of the bill and was stricken out on the floor of the House?

Mr. JOHNSTON of South Carolina. It was stricken out. Why was it stricken out?

Mr. PASTORE. I do not know.

Mr. JOHNSTON of South Carolina. Because they thought it should not be in the bill.

Mr. PASTORE. Does the Senator realize that the House has now passed it?

Mr. JOHNSTON of South Carolina. I realize that, but there is still a great deal of opposition to it in the House.

Mr. PASTORE. Would not the Senator say that the purpose was possibly to rectify a wrong?

Mr. JOHNSTON of South Carolina. No. I think we shall be doing a wrong at this time if we pass this type of bill.

Mr. KERR. Mr. President, will the Senator from South Carolina yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. Can the Senator give me the slightest justification for the additional provision for money over and beyond that which is available under the Hill-Burton Act and that which is available under the act which provides that the money can be had through the Health Center?

Mr. JOHNSTON of South Carolina. I believe the hospitals should apply to the Health Center to get the money.

Mr. KERR. I got the impression from reading the amendment that if it is adopted the Federal Government would be paying 100 percent of the cost of a new hospital to be established by a private agency.

Mr. JOHNSTON of South Carolina. I was coming to that. The way it is written there may be a little joker in it. I do not know whether it is so intended, but it looks like a joker.

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. There can be no question in anyone's mind that the formula as worked out—and it is so stated in the bill and in the report—provides that the voluntary agency shall put up 50 percent of the money. If a hospital is to cost $100,000, the hospital puts up $50,000 and the United States Government puts up the other $50,000, and the District pays back $15,000 over a period of 33⅓ years. The Senator can strain the language all he wants to, but he cannot change that formula.

Mr. JOHNSTON of South Carolina. Would the Senator from Rhode Island object to striking out this proviso? If what he says is correct, it is not necessary to have the proviso.

Mr. PASTORE. What proviso?

Mr. JOHNSTON of South Carolina. This proviso:

Provided further, That, except in the case of the construction and equipment of a new hospital, no such grant shall be made to any private agency unless such private agency shall obligate itself to pay at least 50 percent of the cost of any project for which such grant is made.

Mr. PASTORE. What does that mean?

Mr. JOHNSTON of South Carolina. That is what I want to know. Why is that proviso in the bill?

Mr. KERR. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. The only way the Senator can interpret that proviso is that it means that in the case of the construction of a new hospital that 50-percent provision would not apply.

Mr. JOHNSTON of South Carolina. That would be my interpretation of it. Why not strike out that proviso?

Mr. KERR. Unless that is the intent of the amendment, is it not a fact that the entire amendment is not needed?

Mr. JOHNSTON of South Carolina. That is correct. If that is not true, what is the necessity for the amendment?

Mr. PASTORE. I think it would do us all good to read the language of the act——

Mr. JOHNSTON of South Carolina. I have plenty of time; I will read it.

Mr. PASTORE. Read it from the beginning.

Mr. JOHNSTON of South Carolina. I should like to invite the attention of the Senate to the fact that I am about to read from Public Law 648, Seventy-ninth Congress, which is printed in the report on pages 6 and 7. I will read the entire act.

Mr. KERR. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. As I read the proviso, which the Senator from South Carolina has cited, it makes it possible, where a hospital is already operating for the Government to make a 100-percent grant to it up to the point where that which the hospital had when the Government started would not be more than 50 percent of the entire project.

Mr. JOHNSTON of South Carolina. That is what it says.

Mr. KERR. As the Senator reads I should appreciate his calling specific attention to that point, if it means what I understand it means.

Mr. JOHNSTON of South Carolina. We are amending a law which is already

in existence. This is not the Hill-Burton Act; this is another "giving" act, between the Hill-Burton Act and the bill we are discussing at the present time. I read from Public Law 648:

That in order to provide more adequate hospital facilities in the District of Columbia the Federal Works Administration is authorized to acquire land, construct buildings, and make grants to private agencies and to these ends is empowered—

We are going to let them acquire land. Some hospitals wanted to start new ones—

to acquire land, construct buildings, and make grants to private agencies and to these ends is empowered—

(a) to acquire prior to the approval of title by the Attorney General (without regard to secs. 1136, as amended, and 3709 of the Revised Statutes) improved or unimproved lands or interests in lands in the District of Columbia by purchase, donation, exchange, or condemnation (including proceedings under the acts of Aug. 1, 1888 (25 Stat. 357), Mar. 1, 1929 (45 Stat. 1415), and Feb. 26, 1931 (46 Stat. 1421)) for such hospital facilities.

Mr. KERR. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. The effect of the amendment which has been read into the bill, if passed, would be to add to the program already in effect whereby the Federal Works Administration is authorized to acquire land and construct buildings to the point where it would be able to acquire land, construct buildings, and make grants to private agencies.

Mr. JOHNSTON of South Carolina. As Senators will notice also, in the other measure facilities in the District are referred to. Then there is the language, "acquire land, construct buildings, and make grants to private agencies", which is not in the present law.

Mr. PASTORE. That is what I asked the Senator.

Mr. JOHNSTON of South Carolina. Private agencies are included. That is what I am objecting to more than anything else in the bill.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. If the Senator will turn to line 20, page 2, he will find a definition and explanation of what a private agency is, namely:

As used in this act, the term "private agencies" shall mean any nonprofit private agencies operating hospital facilities in the District of Columbia.

Mr. JOHNSTON of South Carolina. That is true, and as I said in the beginning, how many hospitals operate for a profit? Name some of them. There are very few.

I read further:

(b) by contract or otherwise without regard to sections 1136, as amended, and 3709 of the Revised Statutes, and section 322 of the act of June 30, 1932 (47 Stat. 412), prior to approval of title by the Attorney General, to make surveys and investigations—

Remember, they already have the authority—

to plan, design, and construct hospital facilities in the District of Columbia on lands or interests in lands acquired under the provisions of subsection (a) hereof or on other lands of the United States which may be available (the transfers of which for this purpose by the Federal agency having jurisdiction thereof are hereby authorized notwithstanding any other provision of law), provide proper approaches thereto, utilities, and procure necessary materials, supplies, articles, equipment, and machinery, and do all things in connection therewith to carry out the provisions of this act;

Bear in mind that down to that point the law is already on the statute books. But those interested do not want to get the money provided under the terms of that law. They want it to go directly to the private agencies. Is that not true?

Mr. PASTORE. That is correct.

Mr. JOHNSTON of South Carolina. That is what I am saying. We are asked to establish a precedent which would cause trouble, not once, but many, many times.

Let me read the amendment being suggested. This is an amendment to the present, existing law:

(c) To make grants to private agencies in cash, or in land or other property (which the Administrator is hereby authorized to acquire for such purpose by purchase, condemnation, or otherwise) upon such terms and in such amounts or of such value as the Administrator may deem to be in the public interest to enable such private agencies to make surveys and investigations—

They are going to do the investigating—

to plan, to design, construct, remodel, relocate, rebuild, renovate, extend, equip, furnish—

That refers to anything they desire to buy and put in the building—

furnish, or repair hospital facilities in the District of Columbia: *Provided*, That in no event shall the amount or value of the grant exceed 50 percent of the value of the hospital plant of a private agency as improved with the aid of such grant—

Now we come to the next amendment. Why is it necessary to adopt it if it does not mean we are to give the hospitals affected a hundred percent?—

Provided further, That, except in the case of the construction and equipment of a new hospital, no such grant shall be made to any private agency unless such private agency shall obligate itself to pay at least 50 percent of the cost of any project for which such grant is made.

What is the necessity of that?

Mr. PASTORE. It is merely explanatory, if the Senator is asking me.

Mr. JOHNSTON of South Carolina. The only trouble is that the Government constructs the hospitals. We find in the proposal the words "new construction." One provision deals with extension and the other with construction. There is first the language "to plan, design, construct, remodel, relocate, rebuild, renovate, extend, equip, furnish."

What else would the Senator desire to have included?

Mr. PASTORE. That relates first to a situation where there is an existing hospital, and in the second instance where a new one is built.

Mr. JOHNSTON of South Carolina. It does not say that.

Mr. KERR. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Oklahoma.

Mr. KERR. Is it not a fact that under the first part of the amendment the Federal Government would be directed to give to any private agency now operating a hospital so much money that the Government would pay a hundred percent of the cost of doubling the hospital?

Mr. JOHNSTON of South Carolina. It certainly raises the question.

Mr. KERR. When that had been done, the same hospital would be eligible to receive another 100 percent more to double it again.

Mr. JOHNSTON of South Carolina. There can be no question about that.

Mr. PASTORE. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. I do not see how the Senator could possibly read that into the bill, or make any such interpretation. It merely says that when they extend, or remodel, the extension program shall be paid off 50 percent by the hospital and 50 percent by the Federal Government.

Mr. KERR. Not at all. If the Senator from South Carolina will yield, I will read it.

Mr. PASTORE. Very well; read it.

Mr. KERR. It reads:

Provided, That in no event shall the amount or value of the grant—

Mr. PASTORE. That is correct.

Mr. KERR. Now, wait a minute—

Provided, That in no event shall the amount or value of the grant exceed 50 percent of the value of the hospital plant of a private agency as improved——

Mr. PASTORE. "As improved."

Mr. KERR. If 50 percent of the value of the hospital plant as improved has been paid, that means that a hundred percent of the improvement has been paid, if the improvement is equal to the old plant before the improvement started. It has to be that way.

Mr. CASE. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from South Dakota.

Mr. CASE. There have been many suggestions that the proceedings of Congress should be televised. We have just witnessed one of the best arguments to illustrate the interest which would follow the public's seeing the synchronization of the gestures of the two able Senators who have just been speaking. [Laughter.]

Mr. JOHNSTON of South Carolina. Mr. President, I read further:

SEC. 2. Notwithstanding any other provision of law, whether relating to the acquisition, handling, or disposal of real or other property by the United States or to other

matters, the Federal Works Administrator, with respect to any hospital facilities acquired or constructed under the provisions of this act, is authorized to enter into leases with private agencies for the operation and maintenance of such hospital facilities—

That is what we do not want. That is what we are trying to get out from under. We do not want any contract. That is the law now, but they are going to build it under their way of building.

Speaking of this law, it reads—

is authorized to enter into leases with private agencies for the operation and maintenance of such hospital facilities or usable separable portions thereof upon such terms, including the period of any such leases—

We might need them in case of war—

annual rentals, provision for joint use of facilities, provisions for operation, maintenance, repair, and replacement of buildings, equipment, machinery, and furnishings, and appropriate security to assure the performance of any such leases, and to sell for cash or credit or to convey in exchange for other properties any such hospital facilities or usable separable portion thereof to private agencies on such terms as may be deemed by the Administrator to be in the public interest—

We turn the money loose. No one checks it to see where it is going—

Provided, That all hospitals participating in such center shall be required either to convey to the Government, free and clear of all incumbrance, the land and buildings now held by them or to sell the same at such prices as is agreed to and approved by the Federal Works Administrator and to pay the proceeds thereof to the Government at the option of the Federal Works Agency.

It looks as though they can come forward and get it, but they will be subject to a little control.

SEC. 3. In carrying out the purposes of this act, the Federal Works Administrator shall provide a hospital center of such size and design as he shall deem feasible and economical of operation.

SEC. 4. In carrying out the provisions of this act the Federal Works Administrator is authorized to utilize the services of or to act through the United States Public Health Service in the Federal Security Agency, the Federal Works Agency, and any other department or agency of the United States, and any funds appropriated pursuant to this act shall be available for transfer to such department or agency in reimbursement thereof.

SEC. 5. Thirty percent of the net amount expended by the Federal Works Administrator under this act shall be charged against the District of Columbia and shall be repaid to the Government by the Commissioners of the District of Columbia.

The following language is proposed to be stricken: "at such times and in such amounts, without interest, as the Congress shall hereafter determine."

The following language is proposed to be inserted in lieu thereof: "at the annual rate, without interest, of 3 percent of such 30 percent."

Reading further:

The District of Columbia shall be entitled to 30 percent of the sale price of any of the properties sold by the Federal Works Administrator under section 2 of this act, other than properties the value of which is deducted from the gross amount expended to determine the net amount upon which the 30 percent to be charged against the District of Columbia is computed, and the District of Columbia shall also be entitled to receive 30 percent of any rentals received from the leasing of any of the hospital facilities acquired or constructed by the Federal Works Administrator under this act. The amounts which may be due the District hereunder shall be credited on the amount owed the Government by the District of Columbia until such obligation of the District is discharged in full.

SEC. 6. For carrying out the purposes of this act, including administrative expenses, there is hereby authorized to be appropriated during the period ending June 30, 1952, the sum of $35,000,000 to be appropriated at such times and in such amounts as the Congress shall determine.

The pending bill would change the law. Mr. President, the money is still available. If the hospitals need to extend their facilities so badly, why is it that they have not come forward and asked for the money? The reason they have not done so is that they do not want to come under the hospital center. They want the money to come directly to them. That is where I think we are treading upon dangerous ground. If we pass this bill, why should we not go into the State of South Carolina and say to the Baptist hospital there, the Methodist hospital there, or any other denominational hospital there: "We will give the money directly to you." In that case the State of South Carolina would not have to approve the grant. It would not have to go through the State. That is the question. In other words, does our Constitution prohibit the mixing of church and state? What is it but mixing of church and state if the Federal Government takes taxpayers' money and gives it directly to a denominational institution?

One of the institutions affected by this bill is a Methodist institution. I went to a Methodist college. If it had not been for the kindness of the college in lending me the money to go to school, I probably would not have finished the college course. A Methodist institution would come in under the bill. However, that fact does not prevent my saying it is all wrong to do so. I know also that the Methodist conference as a whole is on record against such legislation. I know that the Southern Baptist Convention went on record against the mixing of church and state.

I know that the Senator from Alabama [Mr. HILL], a coauthor of the Hill-Burton Act, will verify my statement when I say that $3,000,000 in grants went to Alabama and that the Methodists in that State refused to accept such money on the ground that it was a mixing of church and state.

It should also be pointed out that an argument in support of the bill is that the hospitals which are to benefit from it are nonprofit hospitals. That is true of almost all hospitals. However, when the bill was debated on the floor of the House of Representatives it was shown that the average charge of the so-called nonprofit hospitals in the District was approximately $16 a day.

Mr. President, the private hospitals involved in the bill had an opportunity to come into the Hospital Center, as proposed by the act approved on August 7, 1946. Where have they been since August 7, 1946. If hospitals were needed so badly in the District, why have they not come forward and asked for the money?

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. Yes.

Mr. PASTORE. Why have they not asked for the money under what program?

Mr. JOHNSTON of South Carolina. Under the Hospital Center. If they could qualify under the rules and regulations they could get the money.

Mr. PASTORE. But they would have to give up their property to the Federal Administrator.

Mr. JOHNSTON of South Carolina. Oh, they would have to give up something to get it, but if they are so interested in the people who are suffering in the District of Columbia, would it not be much better to do so than to hold the property in their name? By turning over the property to the Hospital Center they could provide the facilities which are needed. Why have they not done so since 1946?

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. Yes.

Mr. PASTORE. Does the Senator from South Carolina take the position that they should not be entitled to these advantages because they do not want to give up their property to the Federal Government?

Mr. JOHNSTON of South Carolina. I contend that the proposal is in direct conflict with the Constitution of the United States with respect to mixing of church and State, because it would give money directly to a church institution.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. JOHNSTON of South Carolina. That is true whether it is a Baptist, Methodist, Presbyterian, Catholic, or any other kind of institution.

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. Yes; I yield to the Senator from Rhode Island.

Mr. PASTORE. Is that not exactly what we are doing with Federal money under the Hill-Burton Act?

Mr. JOHNSTON of South Carolina. The money does not go directly to the institutions. It goes to the States. The States set up an organization. The money is not given directly to the institutions.

Mr. PASTORE. Mr. President, will the Senator from South Carolina yield further?

Mr. JOHNSTON of South Carolina. Yes.

Mr. PASTORE. What does the Senator from South Carolina mean when he says that we give the money to the State? It is not given to the State. An advisory council is set up in the State and the money goes directly to the hospital facilities.

Mr. JOHNSTON of South Carolina. There is an advisory council in the Hospital Center in the District of Columbia. These hospitals can go to the Hospital

Center and get the money. Why have they not done so?

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. Yes.

Mr. PASTORE. Does the Senator from South Carolina understand that the Hospital Center is not an agency through which money is given to private institutions operating hospital facilities in the District of Columbia, but that the Hospital Center is a center which was created under the original act of 1946?

Mr. JOHNSTON of South Carolina. I have read the law.

Mr. PASTORE. Will the Senator from South Carolina permit me to finish.

Mr. JOHNSTON of South Carolina. Yes; I am yielding to the Senator from Rhode Island. I did not have to yield to him, but I did.

Mr. PASTORE. Mr. President, will the Senator yield to me further?

Mr. JOHNSTON of South Carolina. Yes; I am glad to yield to the Senator from Rhode Island. When the Senator from Rhode Island is not talking I am talking.

Mr. PASTORE. I shall talk plenty. What I am saying is that when the Hospital Center was provided for under the original act the benefits were not extended to the private agencies we are now talking about. The private agencies were omitted. There is nothing in the law to compel private hospitals to get the benefits. The Hospital Center is an establishment of three hospitals, the Garfield, the Episcopal Eye, Ear, and Throat, and another hospital, and in the shadow of one another they give this clinical service. There is nothing in the act which requires any private agency to go to them.

Mr. JOHNSTON of South Carolina. If a hospital applies in accordance with the act it can get the money, but it must give up something in order to get the money. If it were to give up something and were to get the money, it could give service to suffering humanity in the District of Columbia.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. It is not a question of giving up something, but a question of giving up everything. It is necessary for a hospital to hand over its property to the Federal Government in order to get any money from the hospital center. The Methodist hospital, the Presbyterian hospital, and other hospitals do not want to do it. I do not blame them at all.

Mr. JOHNSTON of South Carolina. No; they want to get money from the Government without any strings tied to the money at all. Of course, we cannot blame them for their attitude, but it is up to Congress to say whether or not that shall be done.

Mr. CASE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CASE. I have some questions about the bill. Although I have not participated in the debate thus far, I should like to make clear for the RECORD that, so far as I am concerned, I see no difference between a contribution by the Federal Government through State agencies to private hospitals and a contribution under the pending bill. In times gone by I have defended the expenditure of Federal funds for schools on Indian reservations, where the schools had in some instances been sponsored by Protestant Churches, and in other instances by the Catholic Church. I have taken the position repeatedly that if it had not been for those institutions, many Indian children would have been deprived of an education; and I have been grateful that there are schools conducted under church auspices, whether Protestant or Catholic, to provide for the schooling of Indians who otherwise would be deprived of schooling.

I have not felt that under the circumstances attaching to it, there was any infringement of the Constitution; nor have I been of the opinion that there is any infringement of the Constitution under the Hill-Burton Act. In other words, if the Hill-Burton Act permits, as it has in my own State, Federal funds to go in some instances to Protestant hospitals, or in other instances to Catholic hospitals, I am not bothered about that; and I am not bothered by that phase of this bill.

However, the phase of the pending bill which does bother me is that by means of this bill we shall be making a special case of the District of Columbia and shall be setting up grants on a basis not available to any State. If we do that, I wonder whether in that respect we shall be establishing a precedent, following which the States will ask for the same advantageous opportunity of obtaining additional Federal funds which this bill would offer to hospitals in the District of Columbia.

Mr. PASTORE. Mr. President, will the Senator from South Carolina yield to me, to permit me to answer that observation by the Senator from South Dakota?

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from South Carolina yield to the Senator from Rhode Island, for that purpose?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. Of course, Mr. President, in reaching that conclusion, the distinguished Senator from South Dakota must take into account the fact that the District of Columbia is in a very peculiar and unusual condition. In my State when we had trouble with the hospital situation, the State of Rhode Island appropriated money, not to take over the hospitals, but to supplement the income of the hospitals, in order that they could render proper service to the people of that community.

In this case, where else can the people of the District of Columbia go to obtain the needed assistance?

Mr. CASE. In this case the money should come from the District of Columbia.

Mr. PASTORE. A part of it does; 30 percent of the money must come from the District of Columbia. However, Senators must admit that the District of Columbia turns to the Congress for a part of its support. The Congress has that responsibility. We cannot turn our backs upon that responsibility, and say to the people of the District of Columbia, "Because you are not a State and we will not allow you to become a State, and because you are not a city and we will not allow you to become a city, and because you do not have home rule and we will not allow you to have home rule, we will deny you any assistance."

Mr. CASE. Of course, I am hopeful that before the day is over we shall take up the home-rule bill for the District of Columbia.

Mr. PASTORE. I am hopeful of that, too. However, in the meantime we must act on this measure in the proper way.

Mr. JOHNSTON of South Carolina. Mr. President, the private hospitals involved in this bill had an opportunity to come into the Hospital Center as proposed by the act approved August 7, 1946, Public Law 648 of the Seventy-ninth Congress. That project has not been completed, but $21,000,000 has been earmarked for the Hospital Center—in other words, $21,000,000 of the $35,000,000. The hospitals affected by the bill are Sibley Memorial, Providence, Casualty, and Homeopathic. They did not see fit to come under the Hospital Act, but they desire to take advantage of the opportunity to participate in the grants.

The proponents of the bill also argue that inasmuch as the metropolitan area of the District of Columbia includes nearby areas of Virginia and Maryland, sufficient hospital facilities are not available to take care of the population of the area. However, it should be pointed out that Maryland has received $4,177,000 under the Hill-Burton program, and Virginia has received $10,670,000 under the Hill-Burton program.

In the belief that religious liberty for all our citizens depends upon adherence to the constitutional principle of the separation of church and state, I think public assistance should be confined to publicly owned and publicly administered hospitals.

In the case of this bill, I shall agree with the Senator from South Dakota. He has made the point that by the enactment of this bill we would be changing the formula, so to speak, and would be making a new arrangement, in which the States would expect to participate. That is true, and such an arrangement would give us plenty of headaches. Mr. President, reference has been made to the House of Representatives. This bill was debated in the House. I shall read now from page 9225 of the CONGRESSIONAL RECORD for July 31 of this year. At that point there was debate on this measure in the House. From that debate I read the following:

> Mr. ABERNETHY. In answer to the gentleman from Indiana, the Congress has already recognized that situation.

He was referring to the fact that the States which have the same problem would call for appropriations.

I read further from the debate in the House of Representatives.

The Congress has authorized the construction of a hospital center for the District, and that law has been passed. The Congress has also appropriated 70 percent of all the dollars that went into Georgetown Hospital, the Congress appropriated and gave to George Washington University 70 percent of all the dollars that went into that hospital, and it constructed Freedmen's Hospital 100 percent. So the Congress has already recognized that situation and has contributed dollar after dollar after dollar after dollar for hospital purposes in the District of Columbia, and we think there ought to be an end to it at some time.

Mr. MILLER of Nebraska. Yes. I do not think the gentleman from Indiana needs to worry about the Congress not contributing to the hospitals of the District of Columbia. If we had towns at home with a population of a million people that got as much money out of the Federal till through the avenues just elucidated by the gentleman from Mississippi, we would be mighty well off. Let me say this to you, too. You talk about charity hospitals. Sure, they do charity work. I did charity work in my little hospital, $40,000 in 10 years, and I marked it off the books. Every hospital does some charity work, and do not forget, too, that when you go into a hospital in the District of Columbia that the average charge is $16.11. That is what they charge whether your secretary goes or whether you go in as a patient. You pay an average of $16.11. My goodness, out in Kimball, Nebr., I thought I was lucky to get $5 a day. Well, it is different now. Many of the hospitals make money.

I read further from the debate which occurred in the House of Representatives:

Mr. MILLER of Nebraska. Well, I hope they will. I did not vote for the hospital center bill, because I did not feel that some of the provisions in it were proper. We spent 4½ hours debating it in the House where 109 Members voted against it. Some $21,000,000 have been earmarked for the hospital center. We have these hospitals coming in, and they need money, but in the process of getting it, it seems to me that the people of the District of Columbia ought to be treated just as we treat our folks back home.

So, Mr. President, why should we enact a special measure for the District of Columbia in regard to hospitalization? Why make a different arrangement for the District of Columbia, in connection with the giving of Federal funds, in addition to the funds provided for the hospital center, which already has been arranged for, and which will receive $35,000,000 from the Federal Government? That amount is just $35,000,000 more than we have given to the various States, on a pro rata basis.

I continue the quotation from the speech of Representative MILLER:

We would say, "Yes, there is money available here, but you are going to have to pay it back over a period of 25 years in equal installments." What is wrong with that? You do it at home. Why should we not do it here?

I am fearful that we in Congress do something to people. We take away something from them when we do everything for them. We give them this and we give them that. We destroy that self-confidence, that ability to do something for themselves. Certainly in the case of these strong church institutions that can go out and raise money, and have done it—

Mr. President, that is what was done in Alabama, when they were offered $3,000,000. The Methodists of the South got together and said, "We will raise the money to build the hospitals."

Certainly in the case of these strong church institutions that can go out and raise money, and have done it, and God bless them, they have done a great job in the hospital field, and they ought to continue to do it. I doubt if the Congress should permit these fine religious institutions to put their hand into the public till and say, "We are going to get some tax money and we are not going to pay anything back," then I think that proposition is wrong; deadly wrong.

Ninety percent of the funds that have been allocated under the Hill-Burton Act went to city hospitals, county hospitals, or State hospitals. It seems to me that twelve million for the hospitals is too liberal. The principle is wrong.

I say if they want to get this money, then let the people of the District of Columbia pay back the money that is going to come under this bill. When you start doing these things, what about the loss of our strength of character? What about the generations that are going to follow us? Because we are borrowing this money from all the people in the United States. What about our grandchildren, when the bill is due? You and I are saddling them with a debt and an obligation such as we have never seen before.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman does not need to talk about the generations to come. He can talk about the children that are here today, not our children's children.

Mr. MILLER of Nebraska. Certainly; I do not think we ought to be raiding the Federal Treasury to meet community needs. That is what it amounts to when you come down to this bill. There are certain intimate duties and responsibilities that citizens should assume. This is one. This Congress should not break down these responsibilities.

Mr. MCMILLAN. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, this bill ought not to pass in its present form. I dislike very much to find myself in disagreement with my majority leader, the author of the bill. I am very fond of him. I can appreciate his interest in the legislation and the sincere manner in which he has approached it. Nevertheless, in all good conscience and to satisfy my own convictions, I feel that I should take the well of the House and oppose passage of the bill in its present form.

This legislation is new to many of you. It has a very long history running over a period of about 6½ or 7 years. The legislation was originally introduced by the former Senator from Maryland, Mr. Tydings. After holding hearings the Senate committee reported out a hospital bill which provided for the establishment of a hospital center in the form of a corporate body, permitting many hospitals in the District of Columbia to participate in the hospital center.

After the bill passed it came over to the House, and the proponents thought they had done so well that they would go a little further and seek more free Federal money. So they changed the form of the bill. They eliminated the corporate feature and provided for a direct Federal grant from the Federal Works Administrator for the establishment of a hospital center to be under the control of the Federal Government.

Having made very satisfactory progress in that field some of the private hospitals, and I cannot blame them, felt that they should get in on the gifts, so they came in and were included in the bill.

The bill came to the floor of the House in 1945, and the very provisions, almost in identical words, which you are asked to pass here today for the benefit of private hospitals, were defeated by the House of Representatives. Since that day there has been a very vigorous effort carried on by the proponents to get the private hospitals in under the cover of a direct Federal grant from the taxpayers of the 48 States.

The hospital center which is now authorized and which will be very largely paid for by the Federal Government will sooner or later become a part of the hospital facilities for the people of the District of Columbia. I do not know why it has not been constructed. The authorization is on the books. I understand they are just waiting to take over some particular piece of naval property as a site, and the reason it has not been constructed is because they do not seem to be able to get that property.

There is one question to be decided and that is whether or not in addition to the benefits of the Hill-Burton Act—the only source that the people in your own State have to look to for Federal money for hospitals—you are willing to make additional moneys available to the District of Columbia which your people in your own States and districts contribute in the form of taxes.

I pointed out a moment ago in answer to the gentleman from Indiana that the Congress has certainly met its responsibility, if it has any responsibility, in building hospitals for the people in the District of Columbia. The Federal Government contributed 70 percent of every dollar that went into the construction of Georgetown Hospital. The people paid and the Federal Government contributed 70 percent of every dollar that was put into the George Washington Hospital. Your people paid that. The Federal Government contributed every dollar that went into the construction of Freedmen's Hospital, and your people paid for that. Your people will also pay to the extent of approximately $20,000,000 that which will go into the construction of the hospital center and only a small portion of that will be returned to the Federal Treasury.

It is not a very pleasant task to oppose legislation sponsored by close friend.

I can say the same thing, Mr. President.

On the other hand, I have a very deep feeling about this matter. I am as familiar with it as any Member of the House because I have sat on this committee for about 8½ or 9 years and during 7 years of that time this legislation has been before the committee. In the original instance this legislation was referred to a subcommittee of which I was for a long time chairman, but for some reason when the same bill was referred this time it was not referred to my Committee on Health and Education. It occurs to me that is where a bill of this kind should be referred.

Mr. ABERNETHY again says:

Well, I hope my friend is correct, but the report that was filed before came from the Committee on Health and Education. That is what the report shows.

Now, this is what those of us who oppose this bill propose to do, and I think it is more than fair. I honestly believe that more than fair. I do not feel that the Federal Government, by any stretch of the imagination, is duty bound to make any contribution whatsoever to these hospitals. I do not feel that the Federal Government, by any stretch of the imagination, is in duty

bound to loan one dollar for the construction of these hospitals, but as a compromise of the whole problem—and I concede it is a compromise—the gentleman from Nebraska [Mr. MILLER] and I intend to sponsor an amendment which will make available a Federal loan for the purposes in the bill. We propose to offer an amendment which will loan to them your money without a dime interest—not a dime. It is to be repaid over a period of 25 years. I think that is more than fair.

Mr. President, I wonder if they would agree to that at this time—take the money, pay it back over a term of 29 years, with no interest; simply use the money and pay it back. It seems as if that would be very fair. Why would not that be fair under the circumstances of the case? If they need the money so badly, let them borrow it and pay it back, with no interest. Would the Senator object to that?

Mr. PASTORE. Is the Senator asking me?

Mr. JOHNSTON of South Carolina. Yes.

Mr. PASTORE. My answer is that, after all, we have go to look to our obligation in the first place——

Mr. JOHNSTON of South Carolina. That is an obligation.

Mr. PASTORE. I think it is the obligation of the community to give to the people the proper hospital facilities required in order to treat the sick. In the District of Columbia these fine institutions—Methodist, Catholic, and other denominations—are rendering a great service on a nonprofit basis to the people of this community. Once we have established the obligation, it strikes me that if these private hospitals were not doing the fine work they are doing today, we would have to step in and possibly take them over or take over the duties they are performing and build hospitals which would cost a great deal more money than we would be called upon to spend if we proceeded in accordance with the provisions of this bill. They are not coming to us with their hats in their hands. They are asking Congress to share in the responsibility which is ours. Some Senators seem to take the attitude that they are trying to reach out and get something. They would not come to us unless they had to. That strikes me as being the philosophy behind their attitude; they are not begging; they are saying to us, "We need to expand and the expansions are necessary. There are more persons who require hospital beds than we have beds to supply. We are willing to expand our facilities, but we do not have the money to do it by ourselves, so we are asking you to share in this responsibility."

That is what I think we need in this country—a little more sharing of responsibility.

Mr. JOHNSTON of South Carolina. It looks as if the people who are paying taxes in far away California will never see a hospital here and probably will not know that there are any; but they pay taxes for them.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. The only suggestion I would make, and I think the Senator would probably agree with me, is to give them home rule. I think the Senator would be the first one——

Mr. JOHNSTON of South Carolina. I am not for that; the Senator from Rhode Island knows that without my saying anything about it. I would be willing to vote for the bill if the Senator would put in the words "any State."

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. The States already have had provision made for them.

Mr. JOHNSTON of South Carolina. Not under the broad principles contained in this bill. A small amount of money goes to each State and it is prorated according to the wealth and population. Hospitals are needed in South Carolina much more than they are needed in the District of Columbia. The same is true of some other States. If the Senator will so amend the bill that any State in the Union can be made equally eligible for money for hospitals, I will vote for the bill, but I shall not vote for anything that dishes out something different to the District of Columbia than that which is given to people in the States of the Union.

Mr. PASTORE. Did we not do that in connection with the Health Center in 1946?

Mr. JOHNSTON of South Carolina. We went a step further and gave the people of the District something in addition to what was given to the States. The Senator is now asking for more, and he will be back again asking for more. This is just a starter.

Mr. PASTORE. Will the Senator admit that there is a relationship between the Congress of the United States and the District of Columbia that does not exist with reference to the communities in other States of the Nation. We of the Congress have held a grip financially and otherwise upon the District of Columbia. The people of the District of Columbia have been clamoring for years and years to be allowed to operate their own business, and we have said, "No, no; we will not give you that power. We expect to retain it in the Congress of the United States." Because of that position, does not the Senator think we have a moral obligation to meet our responsibilities as we should meet them?

Mr. JOHNSTON of South Carolina. The Congress of the United States through the Hill-Burton Act, gave the District money for hospitals. We have also appropriated $35,000,000 for a health center in the District.

Mr. PASTORE. Mr. President, will the Senator yield again on that point?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. The formula of the Hill-Burton Act has been worked out in such a way that the people of the District of Columbia do not get substantial benefits. I do not know what the population of North Carolina is, but I doubt very much——

Mr. JOHNSTON of South Carolina. Does the Senator mean South Carolina?

Mr. PASTORE. I am talking about North Carolina. I do not know what the population of North Carolina is, but under the Hill-Burton Act it receives $6,000,000 a year. That would build a 350-bed hospital in the District of Columbia which serves 1,400,000 residents of the metropolitan area.

Mr. JOHNSTON of South Carolina. Virginia counts some of those people in connection with getting some money for herself.

Mr. PASTORE. Yes, but they come to the hospitals in the District.

Mr. JOHNSTON of South Carolina. But money for hospitals is paid to Maryland and Virginia.

Mr. PASTORE. But people living in that area come to the hospitals in the District of Columbia because that is where they work. They may be living on the outskirts of the city, in Virginia, but they come to the hospitals here, and the hospitals have been taking in those people at a loss.

Mr. JOHNSTON of South Carolina. They go to hospitals outside of the District, too.

Mr. PASTORE. Perhaps they do. The District of Columbia receives $300,000 a year under the Hill-Burton Act, as against $6,000,000 that goes to North Carolina.

Mr. JOHNSTON of South Carolina. That is due to the factors of per capita wealth and population.

Mr. PASTORE. That is exactly true.

Mr. JOHNSTON of South Carolina. That is the reason for the payment to North Carolina. As I said a few moments ago, if the pending bill is passed, another measure will be forthcoming, seeking another $25,000,000, and then another bill will be coming in for what is left over. I have always noticed that when there is anything left over, when there is a surplus, somebody always grabs for it. When I was governor of my State I built up a surplus, and when I was about to leave the governor's office there was a surplus in the treasury of about $15,000,000. Does the Senator know what I did with that surplus before I left office?

Mr. PASTORE. I do not.

Mr. JOHNSTON of South Carolina. I called in all the bonds, and paid off all the indebtedness of the State so far as I possibly could. I knew that if I did not there would be many people or communities wanting the money. If the Health Center here had used up the $35,000,000 made available, it would have been a little bit harder for the Senator from Rhode Island to come before the Senate and ask for an additional appropriation. He would have hesitated a little.

Mr. PASTORE. Will the Senator yield on that point?

Mr. JOHNSTON of South Carolina. But when the Health Center said, "We need only $21,000,000, or approximately that," and did not use that, but left it over, then certain hospitals began to say, "That money is available; we would like to have it, and we would like to get it without going through the Health Center, or having anything to do with it. We would like to get it and not have to pay any interest. We would like to get it and build a new hospital."

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. I have the highest respect and admiration for the distinguished Senator from South Carolina, especially for what he did during the time he served as governor of his State, and I would be the last one in the world to be dispensing promiscuously money which belonged to the taxpayers of the country; but that is not exactly the question before the Senate. It is not a question of throwing away the money of the people. What I am saying is that there must first be established the fact that there is a need. If we were convinced that there is no need for additional hospital facilities in the District of Columbia, naturally the Senator's position would be correct.

Second, if we felt that the private agencies could meet the need without coming to Congress, we should vote against the bill. But if we establish the fact that there is a need, and if we establish the fact that we cannot meet the need unless we expand the facilities, and that they cannot be expanded under the revenues accruing to the institutions at the present time, then it is incumbent upon the Congress to meet the need, if it cares to do so.

I am not saying we must hand out the taxpayers' money promiscuously. But if the bill provides for the health and welfare of the people of the District of Columbia and if more beds for the sick are needed, why do we talk about $13,000,000 meaning so much when we are actually giving billions away to people in other parts of the world? Why is the health of American people not just as important as the health of people in any other area of the world?

Mr. JOHNSTON of South Carolina. I am glad the Senator mentioned that. So far as I am concerned, I am one who did not vote to give money to people in the other parts of the world. I did not vote to give the money of the American people to other nations when we needed it at home, and I am not going to vote to appropriate for hospitals in the District money which could be spent for a similar purpose in other places where it is more needed.

Mr. President, why do I say that? The Federal Government owes to every State, so far as health is concerned, the same obligation it owes to the District of Columbia. The very object of the Hill-Burton Act was to help people build hospitals who could not build them themselves because of the economic conditions existing in the community.

Mr. PASTORE. Mr. President, will the Senator yield at that point?

Mr. JOHNSTON of South Carolina. For that reason it will be found in many States of the Union, not only in my State, but in many of the States, that hospital facilities are needed twice as badly as they are needed in the District of Columbia, so far as beds are concerned.

Mr. PASTORE. Will the Senator yield?

Mr. JOHNSTON of South Carolina. Yes.

Mr. PASTORE. If more hospital beds are needed in the Senator's State, his State has the authority, under the Constitution, to impose taxes in order to meet that need, but the people of the District of Columbia have no right to impose taxes. They have to come to the Congress. We cannot compare the relationship between a private hospital and a State and a private hospital and the District of Columbia. In the District the people must look to Congress for money to build hospitals, as the people look to their States elsewhere in the Union. The people of the District of Columbia have no right to impose taxes. They have no right to rule themselves, because we rule them, and consequently they have to look to Congress to enact their laws.

Mr. JOHNSTON of South Carolina. The Senator from Rhode Island is on the Committee on the District of Columbia, as I am, and I see other members of the District Committee present in the Chamber at this time. When the District sends in its annual budget, it is scrutinized by the committee; the committee looks into it to see what the needs of the District are, for hospitals, and for all other purposes. Estimates and recommendations are submitted to the committee, and we then pass on them, as do State legislatures.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. JOHNSTON of South Carolina. When we passed upon the estimates this year, did we take into consideration the request now made? Did we approve this request this year? No. I do not blame the hospitals for asking for the appropriation. I myself would like to get a million dollars. I could start up a little institution somewhere and provide myself with a salary.

Mr. PASTORE. How would the Senator get the millon dollars?

Mr. JOHNSTON of South Carolina. I should like to get it from the Federal Government, as those interested in this bill want to get it. I should like to build an institution in my State.

Mr. PASTORE. The Senator made an observation about the right of the people of the District to come to the committees of Congress and submit their budgets to the Congress.

Mr. JOHNSTON of South Carolina. They do that every year.

Mr. PASTORE. I have been a Member of the Congress only about 9 months. I have been a member of the Committee on the District of Columbia, and it has amazed me to observe how backward the people in the District of Columbia are insofar as progressive legislation is concerned. Time and time again proposed legislation is introduced, extensive hearings are held, we determine the fact that certain legislation would be for the betterment and for the welfare of the people of the District, but what happens? A bill is reported to the Senate, and it goes to the Consent Calendar, which means that unless every single Member of the Senate agrees to it, the bill does not become law.

Mr. JOHNSTON of South Carolina. Oh, no; wait a minute.

Mr. PASTORE. One objection to the bill kills it.

Mr. JOHNSTON of South Carolina. That is true as to a call of the Consent Calendar. But how did the Senator get the pending bill brought up? I objected to it.

Mr. PASTORE. The Senator objected to it, and I made a special request of the majority leader.

Mr. JOHNSTON of South Carolina. That is the way all bills are brought up in the Senate.

Mr. KERR. Mr. President, will the Senator yield for a question?

Mr. PASTORE. Will the Senator yield?

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from South Carolina yield; and, if so, to whom?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Rhode Island.

Mr. PASTORE. The Senator will admit, will he not, that it is a very extraordinary circumstance that this bill came up for open debate?

Mr. JOHNSTON of South Carolina. The bill before us?

Mr. PASTORE. As long as I have been here, this is the first time such a thing has happened.

Mr. JOHNSTON of South Carolina. Wait a minute. Does the Senator mean to apply that statement to any bill?

Mr. PASTORE. If the Senator will permit me, my experience in this body has been that all legislation affecting the District of Columbia must run the gantlet of the Senate calendar; and if there is one objection, we must forget the bill.

Mr. JOHNSTON of South Carolina. This bill is treated the same as any other measure is treated. It can be taken up at any time by a majority vote.

Mr. KERR. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. Is it not a fact that this proposed legislation takes the same course that all other legislation takes?

Mr. JOHNSTON of South Carolina. The Senator is correct. The same rules of the Senate apply to it as to any other legislation.

Mr. KERR. Any legislation which is reported from any committee goes to the calendar.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. KERR. And it is called with the other bills on the calendar.

Mr. JOHNSTON of South Carolina. That is true.

Mr. KERR. If any Senator objects, it is not passed by unanimous consent, but can be taken up on motion of any Senator.

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. KERR. That applies to any other legislation.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. KERR. I should like to ask the Senator one further question. My good friend from Rhode Island has talked about the needs of the District of Columbia as such. Does a single dollar of

the money provided by this amendment go to the District of Columbia as such?

Mr. JOHNSTON of South Carolina. It goes to private institutions.

Mr. KERR. Within the District of Columbia?

Mr. JOHNSTON of South Carolina. Yes.

Mr. KERR. It has nothing whatever to do with the Government of the District of Columbia, or with the discharge by the Government of the District of Columbia of its obligation to the people within the District. The money entirely bypasses the District of Columbia Government, does it not?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. KERR. Let me finish. Is my statement correct?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. KERR. Therefore this proposed legislation involves a direct grant from the Federal Government to a private agency.

Mr. JOHNSTON of South Carolina. Yes.

Mr. KERR. A private agency within the District of Columbia.

Mr. JOHNSTON of South Carolina. Yes.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. In refutation of the statement made by the distinguished Senator from Oklahoma——

Mr. KERR. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. I did not make a statement to be refuted. I simply asked the distinguished Senator from South Carolina a question.

The PRESIDING OFFICER. The Senator is correct.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. Let me say to the dstinguished Senator from South Carolina that the District does have an interest in this bill. The people of the District do have an interest in the bill. In the first place, 30 percent of the 50 percent which is paid by the Congress must be repaid by the District of Columbia. What is the purpose of the grant? To build hospitals in the District of Columbia. For whom? For the people who live in the District. Of course the District of Columbia is interested, and of course the people of the District of Columbia are going to benefit from the program. Who is going to lie in these beds? Who is going to go to the clinics, if not the people who live in the District of Columbia? I never heard of such an argument.

Mr. KERR. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. The Senator from Oklahoma never heard of such a thing as the Federal Government making a direct grant to a private agency, and bypassing the government of a State or of the District of Columbia. The Senator from Rhode Island talks about never having heard of such an argument.

Mr. President, will the Senator further yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. What are the private agencies eligible under this proposal?

Mr. JOHNSTON of South Carolina. I can tell the Senator in a moment. They are listed in my manuscript.

The hospitals affected by the pending bill are Sibley Memorial, Providence, Casualty, and Homeopathic.

Mr. KERR. Can the Senator identify them further? They are private institutions, are they not?

Mr. PASTORE. Private, nonprofit institutions.

Mr. KERR. They are private agencies—agencies of whom?

Mr. JOHNSTON of South Carolina. That is a question. I am not here arguing any particular hospital or any particular individual, but I am arguing that I do not think the money ought to go direct——

Mr. KERR. From the Federal Government to a private agency.

Mr. JOHNSTON of South Carolina. That is correct. I believe that this bill represents a little too much in addition to the Hill-Burton Act, and in addition to the $35,000,000 from the Federal Government. That is my position.

Various witnesses appeared before us in regard to this particular bill. I should like to read some of the testimony of Glenn L. Archer. He is the executive director of Protestants and Other Americans United for Separation of Church and State. He made the statement from which I shall read. The statement was made before the Committee on the District of Columbia.

> My name is Glenn L. Archer. I am executive director of Protestants and Other Americans United for Separation of Church and State, an organization with members in every part of the Nation, and including persons of many faiths and creeds who are united on the single principle of separation of church and State—a principle which was woven into the very fabric of our Government at the birth of the American Republic. I am here to express our alarm at the threat to religious liberty which we see in the bill H. R. 2094 now being considered by the honorable Senators of this committee.
>
> Concern for public welfare has been advanced as a compelling reason for the introduction of the hospital grants bill, but actually its passage would work a disservice to the most vital interests, not only of the people of the District of Columbia, but of the people of the United States as a whole.
>
> For the American people no boon is more precious than the boon of liberty. The pending bill would, by allocating tax funds for the support of sectarian institutions, seriously undermine our liberty. Because I believe that consequences of the greatest evil would flow from the adoption of this defective measure, I should like to review the situation as I see it.
>
> First of all, it is appropriate to consider the fact that the passage of H. R. 2094 without amendment would inevitably give rise to serious and protracted litigation testing its constitutionality. Such litigation might, to the casual observer, take on the appearance of a contest between religious groups, but, regardless of appearances, such litigation would actually be a contest between those Americans of many faiths who uphold the separation of church and State and those groups which seek to make that great guaranty of religious liberty a dead letter in American law today. Surely the increasing frequency with which freedom-loving citizens are forced to resort to the courts for enforcement of the first amendment is a tragedy of our time.
>
> Proponents of H. R. 2094 have pointed to certain appropriations made under the Hill-Burton Act as a precedent for the new measure, which would use public funds to aid private and denominational hospitals in the District of Columbia. They overlook the fact that the Hill-Burton Act was passed before the United States Supreme Court handed down its memorable decision in the Everson and McCollum cases of 1947 and 1948, in both of which the Court maintained that—
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> "Neither a State nor the Federal Government can set up a church. Neither can pass laws which aid one religion, aid all religions, or prefer one religion over another. No tax in any amount, large or small, can be levied to support any religious activities or institutions, whatever they may be called, or whatever form they may adopt to teach or practice religion."

Mr. President, I am acting under quite a handicap here this afternoon. I have three bills in conference. I came into the Chamber from a conference and started the discussion on the pending bill under those circumstances. I am glad to say that the committee is continuing its work. I hope it will accomplish something this afternoon, in regard to the postal pay bill, and also reach some compromise on the postal rate bill.

My friend from Rhode Island [Mr. PASTORE] smiles. He is in the same position I am in. He is also on the conference committee. The conferees might do better in our absence. We can never tell. We might be the fly in the ointment, so to speak. We might keep the conferees from reaching a rightful conclusion.

> Now, it is an indisputable fact that religious hospitals, like religious schools, are maintained for the greater glory of the faith of those who operate them, and, consequently, are sectarian institutions within the meaning of these Supreme Court decisions. Of course, such hospitals, like the denominational schools, also perform certain functions which may be described as "secular" or connected with "public" interests, but this fact does not divert them from their primary and distinctive purpose of propagating religion. The owners and administrators of such hospitals have themselves admitted the truth of this contention.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. Yes.

Mr. McMAHON. The Senator from South Carolina quoted from a legal opinion.

Mr. JOHNSTON of South Carolina. I quoted from two cases.

Mr. McMAHON. What is the opinion from which the Senator read?

Mr. JOHNSTON of South Carolina. It was from the McCollum case.

Mr. McMAHON. The McCollum case, and also the Everson case, which was the New Jersey bus case?

Mr. JOHNSTON of South Carolina. Yes.

Mr. McMAHON. Of course the Senator from South Carolina realizes that the question presented in the McCollum case is not the question at issue here, does he not?

Mr. JOHNSTON of South Carolina. Of course, no two cases are exactly alike, as the Senator from Connecticut well knows. That is what causes lawyers to go into court. If the facts were always the same in every case, we would have no lawsuits.

Mr. McMAHON. I agree with the Senator from South Carolina in that respect. In the instant case I should like to invite the attention of the Senator from South Carolina to the Supreme Court case of *Bradfield* v. *Roberts* (175 U. S. 292). I am sure the Senator from South Carolina recalls that it was not a case involving a hospital, but the teaching of religion on released time, which was the question presented in the McCollum case.

Attesting to the present-day vitality of Bradfield against Roberts, the Supreme Court of Mississippi, in 1950, relied on Bradfield against Roberts to determine the constitutionality of a State grant to a religious affiliated hospital. The case is that of *Craig* v. *Mercy Hospital* (45 So. 2d 809 (1950)), in which the court declared:

> The case of *Bradfield* v. *Roberts* (175 U. S. 291, 20 S. Ct. 121, 44 L. ed. 168) is decisive of the question of whether or not a hospital chartered to care for the sick, as the limited object of its creation as in the case of Mercy Hospital-Street Memorial, could receive a grant of aid from the Federal Government under a contract between the District of Columbia and the directors of the hospital, composed of a monastic order or sisterhood of the Catholic Church, without being a violation of article 1 of the amendments of the Federal Constitution providing that "Congress shall make no law respecting an establishment of religion. * * *" And the facts there involved make applicable the principles there announced so as to make the grant, as in the case now before us, a valid one. This case is cited to show that the doctrine of the separation of church and state is not violated, and also as authority for the proposition that the charter powers of a corporation control, and not the religious beliefs of its stockholders, as to whether it is operated in a secular activity.

If the Senator from South Carolina will indulge me further, I should like to invite his attention to a Kentucky case.

In 1949 the Court of Appeals of Kentucky likewise had an occasion to rule upon the constitutionality of an appropriation to a religious-affiliated hospital. In the case of *Kentucky Building Commission* v. *Effron* (220. S. W. 2d 836), the court declared:

> It is well settled that a private agency may be utilized as the pipeline through which a public expenditure is made, the test being not who receives the money, but the character of the use for which it is expended.
>
> * * * * *
>
> The fact that members of the governing boards of these hospitals, which perform a recognized public service to all people regardless of faith or creed, are all of one religious faith does not signify that the money allotted the hospitals is to aid their particular denomination. On the contrary, the governing boards of such hospitals are but the channels through which the funds flow. Courts will look at the use to which these funds are put rather than the conduits through which they run. If that use is a public one and is calculated to aid all people in the State, it will not be held in contravention of article 5 merely because the hospitals carry the name or are governed by the members of a particular faith.

Of course there is no religious activity involved in cutting out someone's appendix, provided that one does not apply as a test the religious affiliation of the person before starting to operate on his appendix.

Under the school-lunch law we give school lunches to all children. We do it on the basis of the fact that they are children and because the State is interested in sound and healthy bodies and sound and healthy minds. The children get the milk. I do not know that there is any particular religion in a glass of milk.

A child is given a glass of milk not because he attends school A, B, or C, but because the State has an interest in the physical welfare of the child.

In the New Jersey bus case, the Supreme Court examined the first amendment and came to the conclusion that transporting children to a school run by the religious did not impinge upon the first amendment to the Constitution. The Court pointed out that the State had an interest in getting the child safely to school. In other words, it felt that it would be ridiculous to say to Johnny Jones, "You go to a parochial school, and therefore you must walk over the ice. You may be killed, but that is all right. However, your sister Mary goes to a public school. Therefore, we will transport her to school."

I am wondering, in view of the decisions of the Supreme Court, whether it has not been universally held that the people who run the hospitals are not to be examined and looked at for their religious affiliation, but rather whether or not the institution treats everyone, regardless of race or creed.

I appreciate the Senator's indulging me in his time. As I understand, the Methodist hospital, the Episcopal Hospital, and the Catholic hospital involved do not ask the Senator from South Carolina or anyone else, when he comes to the door, "What is your religion? What is your color? What is your creed? What is your race?" Rather, he is asked, "Are you sick? Do you need attention? Can we help you?" I suppose no one denies that that is the essence of the religion of Christ. There is nothing sectarian in it. Certainly the courts have universally recognized that fact.

So in this debate I wish we could drop this nonsensical argument—at least, it seems so to me—that some question of a violation of the first amendment of the Constitution is involved in this matter. I assure the Senator that the courts have said that no such question is involved.

I should like to make another point, if the Senator will permit me to do so. I realize that I am speaking in his time.

Mr. JOHNSTON of South Carolina. I am glad to have the Senator proceed.

Mr. McMAHON. That point is this: The Senator has said, in effect, "Why do not they go into the hospital center?" I call the attention of the Senator to the fact that we do not want all the hospitals in one location; it is much better to have them distributed geographically. I believe the testimony which was presented before the Senator's committee demonstrated—and it is a fact—that the location of more than 600 hospital beds in one place is not conductive to the most economical and most efficient hospital management. I wish to commend that argument to the Senator, namely, that it would be much better for us to have our hospitals spread out, at this time, which all of us realize might be a time of attack.

I thought it worthwhile to bring those two matters to the Senator's attention, because when we are involved in this commendable effort to relieve the sick and aid the needy poor, this effort to assist fine-minded and high-minded people in a glorious work, I think it is most unhappy for us to mix up that work with the prohibition of the first amendment to the Constitution, as that amendment has been interpreted by the courts.

I thank the Senator very much for yielding to me.

Mr. JOHNSTON of South Carolina. Mr. President, I can see a difference between the statement of facts in regard to the bus case and the statement of facts in regard to the case now before the Senate.

Mr. KERR. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. It is not the purpose of this measure to provide Federal funds for the operation of a charity hospital; the hospitals are not operated free of charge, simply because some one is poor. Is not that a fact?

Mr. JOHNSTON of South Carolina. Yes; the hospitals are not operated on a charity basis.

Mr. KERR. Mr. President, will the Senator from South Carolina yield to me, to permit me to make a unanimous-consent request, namely, that I may be permitted to suggest the absence of a quorum, and that thereafter the Senator from South Carolina shall have the floor?

The PRESIDING OFFICER. Does the Senator from South Carolina yield for that purpose?

Mr. JOHNSTON of South Carolina. Yes, Mr. President, if I may do so without losing the floor. I ask unanimous consent to that effect.

The PRESIDING OFFICER. Is there objection?

Mr. McMAHON. Mr. President, reserving the right to object, although I shall not object, I wish to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. McMAHON. Has any business been transacted since the last quorum call?

The PRESIDING OFFICER. No business has been transacted since the last quorum call.

Mr. McMAHON. Then, is a quorum call in order at this time?

The PRESIDING OFFICER. If unanimous consent is given, a quorum call may be had at this time.

Is there objection?

Mr. McMAHON. I do not object.

Mr. KERR. Then, Mr. President, I suggest the absence of a quorum, and ask unanimous consent that thereafter the Senator from South Carolina shall have the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Benton	Hickenlooper	Monroney
Brewster	Hill	Moody
Bricker	Hoey	Morse
Butler, Md.	Holland	Murray
Butler, Nebr.	Humphrey	Neely
Capehart	Hunt	O'Conor
Carlson	Ives	O'Mahoney
Case	Jenner	Pastore
Chavez	Johnston, S. C.	Robertson
Connally	Kefauver	Saltonstall
Cordon	Kerr	Schoeppel
Dworshak	Kilgore	Smathers
Eastland	Knowland	Smith, Maine
Ecton	Langer	Smith, N. J.
Ellender	Lehman	Smith, N. C.
Ferguson	Magnuson	Sparkman
Frear	Malone	Stennis
Fulbright	Maybank	Taft
George	McCarran	Underwood
Green	McFarland	Watkins
Hayden	McKellar	Wiley
Hendrickson	McMahon	Williams
Hennings	Millikin	Young

The PRESIDING OFFICER (Mr. LEHMAN in the chair). A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 2244) to amend certain housing legislation to grant preferences to veterans of the Korean conflict.

The message also announced that the House had rejected the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4473) to provide revenue, and for other purposes; that the House insisted upon its disagreement to the amendments of the Senate to the bill; asked a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. COOPER, Mr. DINGELL, Mr. MILLS, Mr. REED of New York, Mr. JENKINS, and Mr. SIMPSON of Pennsylvania were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 467. An act to authorize the exchange of wildlife refuge lands within the State of Minnesota;

S. 509. An act to amend the Migratory Bird Hunting Stamp Act of March 16, 1934 (48 Stat. 451; 16 U. S. C. 718d), as amended;

H. R. 971. An act for the relief of Louis R. Chadbourne; and

H. R. 1038. An act relating to the policing of the buildings and grounds of the Smithsonian Institution and its constituent bureaus.

GRANTS FOR HOSPITAL FACILITIES IN THE DISTRICT OF COLUMBIA

The Senate resumed the consideration of the bill (H. R. 2094) to amend the act of August 7, 1946, so as to authorize the making of grants for hospital facilities, to provide a basis for repayment to the Government by the Commissioners of the District of Columbia, and for other purposes.

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. JOHNSTON of South Carolina. Mr. President, just before the quorum call we were discussing House bill 2094, and I had raised objections to the allocations and to the manner in which they are made. I also brought out the fact that under the Hill-Burton Act the District of Columbia had a right to secure funds. I also invited attention to another act which is now on the statute books, which was passed in 1946, and which is known as Public Law 648, which gave to the District of Columbia $35,000,000, of which only approximately $21,000,000 has been allocated up to the present time.

I was then interrupted in my speech by a Senator bringing to my attention some court decisions. At the time the cases were pending before the Supreme Court I would have hoped, I admit, that the Court would have decided them differently. I do not think that I am bigger than the Supreme Court of the United States, but I think that my position is in accordance with that of many attorneys. The Court decided that pupils going to and from schools could be transported without involving a violation of the Constitution in regard to the mixing of church and state.

Every case that goes to the Supreme Court goes there on a statement of facts. This case, on a constitutional question, would have to go to the Supreme Court of the United States on a statement of facts. Let us look at the question for a few moments. I am sorry to say that twenty-odd years ago I quit practicing law and have been in politics, but let me suggest what I would do if I were to try to draw up a statement of facts in this matter. I would certainly include in the statement of facts the acts on the subject. I would also show that money was obtainable by the hospitals; that they could get it under the law which has been in existence since 1946. Why would I do that? In order to make a different statement of facts.

I would also remind the hospitals along this line: "If you did not want the money to carry on your activities in a different way, you could have gotten it under the other law. Therefore, you want it in order to have a direct supervision over the hospital in every way."

There would be a different statement of facts raised that would certainly have to be decided by the Supreme Court. What the Supreme Court would do, we do not know. But I am saying that we should not try to do anything that mixes church and state. I do not have to invite the Senate's attention to the trouble and the headaches that other countries have when they mix church and state. That was the reason why the founding fathers wrote into the Constitution a provision that there would be no mixing of church and state.

How can we mix church and state any more than when we give money from all the people to a denominational institution, no matter what denomination is involved? As I said some two or three hours ago, in the beginning of my speech, I should be very, very thankful to the Methodist Church—that is one of the institutions involved—because it took me in when I did not have money and loaned me the money with which to go to college. Even before that the Methodist Church let me go to school by working 1 week in a cotton mill and going to school the next week. The Methodist Church did that. I love the Methodist Church, but much as I love it, when I think that something is fundamentally wrong not only from the standpoint of mixing church and state but in setting up a pattern of giving money to the District of Columbia in a different way from that in which we give it to the States of the Union, it is my duty to call attention to it. I look at the District and I say, "Surely, we have dealt fairly with you. Now we will apply to you the same principle we apply to the States."

As if we had not done enough for the District, we appropriated $35,000,000 more to set up a health center; and those funds were outside the Hill-Burton Act. We said, "You can have this in addition to what the people in the States are getting," under a form which we thought was fair and just, taking into consideration on the per capita wealth and the population in the particular State jurisdictions.

Mr. O'CONOR. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Maryland.

Mr. O'CONOR. It is very evident that the Senator from South Carolina has given a great deal of thought and study to the legal questions involved, and I see he is about to conclude on that phase of the subject. I wonder if it would be agreeable if he would yield to me for a few minutes without his losing the floor.

Mr. JOHNSTON of South Carolina. I yield for that purpose, if I do not lose the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Maryland may proceed.

Mr. O'CONOR. I thank the Senator for his consideration. I desire to make a brief statement in support of the amendment explained so lucidly by the junior Senator from Rhode Island [Mr. PASTORE], and to urge favorable consideration of the pending measure in accordance with the recommendations of a majority of the Senate committee which gave consideration to this very important matter.

Testimony before the Senate Committee on the District of Columbia conclusively demonstrated the urgent need for additional hospital facilities in the District of Columbia and the impossibility of obtaining such additional facilities without the incentives supplied by the proposed amendment.

The Hill-Burton Act, to which reference has been made on numerous occasions during the debate this afternoon, and which, incidentally, is an excellent piece of legislation for which the senior Senator from Alabama [Mr. HILL] is to be highly commended, among others, has not been able to afford adequate relief to the District of Columbia. This is so, firstly, because the per capita income in Washington is relatively high and

accordingly the benefits under the Hill-Burton Act are necessarily low; and, secondly, because the hospitals in the District find it necessary to serve outlying population almost as numerous as the population of the District, for which no credit under present legislation is available.

The District has limited boundaries and is adversely affected. Here the allocation is based on its population of 802,000 legal residents, while the actual population of the metropolitan area is estimated to be 1,464,000.

In nearby Virginia and Maryland, the States are faced with extraordinary conditions and find it extremely difficult to meet the necessary hospital requirements. As a result, there are increasing demands upon the District of Columbia hospitals.

For example, in a report published in 1950 by the Montgomery County Hospital Facilities Advisory Committee, it is reported that while the county has three excellent hospitals, with a total bed capacity of 455, the hospitals of the District are depended upon to some extent. We feel there is ample justification for that use, because many of the people who are treated in the hospitals in the outlying section are from the District of Columbia, spend most of their time in the District, and contribute otherwise to the District's income.

Dr. John M. Orem, superintendent of Sibley Hospital, to which reference has also been made today, Dr. Orem being a recognized hospital authority, said this before the committee:

> For all practical purposes Sibley Hospital serves the public and practically operates as a public hospital. This is due to the exigencies of the District of Columbia and the peculiarities of the District in relation to hospital facilities.

He further said that if this bill were enacted into law, the hospital would be able to make a greater contribution to the medical-requirement needs of the people of the District. Also, he observed, that if we did not have these hospitals function in a modern way, the effect on the District would be disastrous.

This official declares that his hospital, which was founded by members of the Methodist Church, treats persons without regard to race, color, or creed. The same thing applies to all other hospitals. They do not draw any line by race, color, or creed. The same commendable principle applies to other hospitals which might be affected by the bill. Furthermore, they treat all patients whether or not they have any money. The afflicted and the suffering are not asked when they come in if they have any money.

There is another most important reason why the Hill-Burton Act is not designed to meet this need. Many of the States of the Union have supplemented the funds provided under the Hill-Burton Act by grants voted by the States, frequently supplemented by municipal appropriations for the construction of hospital facilities. In this way, the Hill-Burton grants are supplemented by other governmental appropriations in order to relieve the burden imposed on private hospitals.

Since the District of Columbia must depend upon the Congress, the problem of expanding the available grants can be met only by additional appropriations by the Congress. The percentages provided by this bill—15 percent local and 35 percent Federal additional money—corresponds roughly to the contributions made by many States and municipal governments.

In addition to these sources of money for new construction, many non-profit hospitals elsewhere are assisted by grants from local industrial enterprises. Employers, interested in the welfare of their employees, are glad to extend such assistance. In the District of Columbia, the Federal Government is the dominant employer. Its interest in its employees makes advisable the required support in order that the health of the Federal workers may be adequately protected.

I trust, therefore, Mr. President, that the Senate will adopt the proposed amendment, and I wish to express appreciation to the Senator from South Carolina for his consideration in this regard.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to read further from the testimony of Glenn L. Archer. I quoted before from him, and I quote further:

> It is no mere personal or partisan or sectarian plea which I am now making to you. In all humility, what I am asking is that we hold fast to the most precious thing in American life, the great principle which has made the United States a unique example of democracy in a world of oppression. In 1811, President James Madison—whom we revere as the father of the Constitution—confronted precisely the same issue which confronts you gentlemen now, when he was presented with a bill, already passed by Congress, for the purpose of incorporating the Protestant Episcopal Church in the town of Alexandria, in the District of Columbia. The President vetoed the bill, and gave the following reasons, among others:
>
> "Because the bill exceeds the rightful authority to which governments are limited by the essential distinction between civil and religious functions, and violates in particular the article of the Constitution of the United States which declares that 'Congress shall make no law respecting a religious establishment.' * * * Because the bill vests in the said incorporated church an authority to provide for the support of the poor and the education of poor children of the same, an authority which, being altogether superfluous if the provision is to be the result of pious charity, would be a precedent for giving the religious societies as such a legal agency in carrying into effect a public and civil duty."
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> These objections, I submit, apply with exactly the same force to the hospital grants bill now before us.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. LANGER. As a matter of precedent, would the program apply to every one of the States, in the opinion of the Senator?

Mr. JOHNSTON of South Carolina. In my opinion a precedent would be established for every State in the Union to be treated likewise.

Mr. LANGER. On the question of precedent, does not the Senator feel that such a law would ruin the Hill-Burton Act as now administered?

Mr. JOHNSTON of South Carolina. It would do away with the fundamental principles in the Hill-Burton Act, which is aimed at helping those most in need of help, who do not have finances.

Mr. LANGER. Does not the Senator believe that if this bill is enacted every State which is hard up financially will say to the Congress, "We need money. We have a great many poor people. We must take care of them quickly. We cannot meet the requirements of the Hill-Burton Act. Therefore, we want the Federal Government to turn money over to us so that we can build more hospitals."

Mr. JOHNSTON of South Carolina. It is logical to believe that that would be the result.

I continue to quote from the statement of Glenn L. Archer:

> President Madison's veto message also contains an answer to an argument which has been speciously advanced by the proponents of the present bill, to the effect that a religious institution * * * is, by its charter essentially a charitable rather than a religious institution. In speaking of the proposed articles of incorporation for the Episcopal Church, President Madison said:
>
> "Nor can it be considered that the articles thus established are to be taken as the descriptive criteria only of the corporate identity of the society."
>
> In other words, we must look beyond the corporate charter to the fundamental purpose, nature, and control of the institution.
>
> The hospital needs of the District of Columbia deserve to be met—

I agree with him—

> but they should be met in a maner which is consistent with the spirit of our laws and the whole needs of our people. If the present bill were amended to insure that Government funds would be used only by institutions which are publicly owned and publicly controlled, it would do no violence to the principle of separation of church and State. Unfortunately, in its present form, the bill does such violence. H. R. 2094 is not even in harmony with the act of August 7, 1946, which provided for the establishment of a hospital center in the District of Columbia—with three hospitals participating on condition that they deed their property to the District of Columbia, as Representative A. L. MILLER put it during the very brief discussion held recently in the House. When that act was passed, Congress specifically rejected one section of the bill which would have allowed outright grants to private hospitals other than the three which were to participate in the hospital center.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. Is not this proposal similar to the Federal-aid-to-schools bill which we had before us some 18 months ago? At that time it was proposed to grant money to schools all over the country. The Senator will recall that that proposal was defeated because of the fact that we could not agree on the terms of that particular bill. Three hundred million dollars was involved.

Mr. JOHNSTON of South Carolina. That is true.

Mr. LANGER. Is there any difference in principle between this bill and that bill, in the opinion of the Senator from South Carolina?

Mr. JOHNSTON of South Carolina. In my opinion, they are very similar.

There is another thing which I would like to call to the attention of Senators. There is one group of people for whom I think we should care first, so far as hospitalization is concerned. Day after day and night after night I receive telephone calls from boys who served this country during World War II or World War I, and who want to get into a Government hospital. They cannot find beds. Do they come first, or should we give $35,000,000 to the District of Columbia and establish a new precedent?

Reading further from the statement made before the committee by Mr. Glenn L. Archer:

> I am profoundly convinced that the owners and administrators of all church hospitals, as well as all the honorable Members of the House and Senate, would do well to take counsel from the pages of history, and to recognize the discord which passage of this bill—unless amended—would create. I believe that mature consideration of this question demands recognition of the danger to which Congressman MILLER drew attention during the discussion of this bill in the House on July 31—the danger that approval of the appropriations for denominational hospitals will tend to destroy the self-confidence and self-reliance of our people and their churches, particularly in the case of these strong church institutions that can go out and raise money, and they have done it, and God bless them, they have done a great job in the hospital field, and they ought to continue to do it. And Congressman MILLER adds: "I doubt if the Congress should permit these fine religious institutions to put their hand into the public till and say, 'We are going to get some tax money and we are not going to pay anything back,' then I think that proposition is wrong, deadly wrong." I agree wholeheartedly with Congressman MILLER that the proposition is deadly wrong, and I sincerely hope that you gentlemen will correct the wrong by making sectarian institutions ineligible for public support.

Mr. President, I sincerely hope that the Senate will see fit to lay this measure aside and study it for a little while. We should turn it over in our minds. There is no rush about it. We could think about it when Congress reassembles in January. Then I believe we could give it some study in committee. I believe some of the other members of the committee would like to do it. I see some of them nodding their heads. We could look into all the fine points involved. I did not have an opportunity to hear all the testimony I have been reading. What I have suggested would be the American way to proceed. I venture to say that even during this debate, only a few Senators have had the time, with the rush of things this week and last week, to read the report and the bill. I certainly believe we should read the report and study the bill and determine what law we are amending, and what rights the hospitals have at the present time, and so forth. In that way we will be able to act more intelligently than we can act now.

Mr. President, I move to recommit the bill to the Committee on the District of Columbia.

Mr. PASTORE. Mr. President, in relation to the pending bill a few points have been raised which I should like to clarify before a vote is taken on the motion of the Senator from South Carolina.

The first point raised was as to the meaning under subsection (c) on page 2 with reference to the amount of the grant therein specified.

In my opinion the language is abundantly clear. It means that in any case of an expansion of the facilities of a hospital, whether it be an expansion of present facilities or new construction, all the United States Treasury would contribute as a grant would be 50 percent, and no more. In other words, in order to make it perfectly clear, if a hospital presently existing in this community is worth $3,000,000, and it expected to build a new wing costing $100,000, under the provisions of the pending bill the amount of the grant could be no more than $50,000. It means that the amount of the grant in no case can exceed 50 percent of the improvement, including new equipment.

In the case of a new establishment, of course, the amount of the grant could be only 50 percent of the entire cost of construction.

I thought I would invite the attention of the Members of the Senate to that fact because the point was raised this afternoon by the distinguished Senator from Oklahoma [Mr. KERR].

Mr. President, I sincerely hope that the bill will not be recommitted to the committee.

There has been much discussion this afternoon with reference to the point that the provisions of the bill are in violation of the first amendment to the Constitution of the United States. Let me say to the distinguished Senator from South Carolina [Mr. JOHNSTON] that if it is contended that the bill violates the provisions of the first amendment to the Constitution of the United States with reference to the separation of church and state, we must of necessity reach the same conclusion with reference to the Hill-Burton Act, because the Hill-Burton Act allows the same type of institution to receive aid under that act as would be permitted to be received under the pending bill. Therefore, if we determine at this juncture that this bill is in violation of the first amendment to the Constitution of the United States insofar as the separation of church and state is concerned, we must of necessity reach the same conclusion consistently with reference to the Hill-Burton Act. I do not believe there is any Member on the floor of the Senate who would take that position.

In conclusion, Mr. President, let me say that the pending bill was considered extensively and carefully by the subcommittee and by the full Committee on the District of Columbia. We consider it to be good legislation. We feel that it meets a need that must be met. The hospital facilities in this community are not adequate. All the witnesses representing various hospitals testified that in order to meet the pressing need they must receive some kind of incentive help from the Federal Government. We must always remember that the District of Columbia is not in the same position as that occupied by all other communities and by the States of the Union. There exists on the part of the Congress of the United States a direct responsibility toward the District of Columbia. It is not the fault of the District. It is the desire, the purpose, and the design of the Congress of the United States. The District has no right to impose taxes. It has no right to administer its own affairs. If the District is in need of help, insofar as expansion of its hospital facilities is concerned, I believe it is the responsibility of the Congress of the United States to furnish that help.

The PRESIDING OFFICER (Mr. LANGER in the chair). The Senator from New York [Mr. LEHMAN] is recognized.

Mr. LEHMAN. Mr. President, I rise in support of the bill. I am astounded and distressed that the question of religious denomination has been brought into this debate. To me there does not appear to be the slightest reason to suppose that the provisions of the bill contravene the first amendment of the Constitution of the United States to any extent greater than or different from the question involved in the Hill-Burton Act.

I believe I know something about hospitals. For many years I was a trustee of a great hospital in New York, the Mount Sinai Hospital. My wife is still a trustee. My family has been connected with that great institution for more than 75 years. That institution is supported mainly by members of my religious faith. However, I have never heard any question of religious faith raised in that hospital. I can say, Mr. President, that at least half of the patients who are treated daily in that hospital are members not of my religion but members of the Catholic and Protestant faiths.

I know a great deal, too, about the hospitals supported by people of other faiths. I have been a patient in the great hospital supported very largely by members of the Presbyterian denomination, the Medical Center in New York.

I have been a patient in the New York Hospital, which is also largely supported by members of the Protestant faith. In the same hospital where I was a patient, there were being treated, and well treated, just as many Jews and just as many Catholics as there were Protestants.

I have had an opportunity to closely observe the work of great Catholic hospitals. When I say Catholic hospitals, I mean hospitals which are largely supported by Catholic contributions. I have observed the work of St. Vincent's Hospital, in New York, and the work of St. Peter's Hospital, in Albany. Over a period of 14 years while I lived in Albany I frequently visited that great institution. In those two hospitals and in similar hospitals supported by the contributions of Catholics just as many Protestant and Jewish patients were being treated as were Catholic patients.

I cannot conceive of any element of favoritism or of any desire to influence the thinking of patients which has ever arisen in the hospitals of our country, which are supported by the communicants of the three great faiths.

I know of no greater duty which we as Americans owe than that of providing good health treatment for the sick and the ailing. If the need exists, and I

believe it does, in the District of Columbia, because of the inability to raise from the residents of the District of Columbia the necessary means, then I believe the hospitals of the District of Columbia should be placed on a basis or a plane so far as benefits are concerned equal to that of the hospitals which are helped by the Hill-Burton Act.

During the debate today, one Senator made the point that the communities in the States generously support their hospitals, and that there is no reason why the District of Columbia cannot do the same. There is, however, one great difference, which I should like to point out, namely, that many of the people living in the District of Columbia reside here only temporarily. In that connection it is interesting to note that in the District of Columbia we are beginning today to initiate a drive to raise $4,000,000 for the institutions of this community. Although I have no figures to prove my point, I am quite convinced that a large percentage of the people who live in the District of Columbia, but who come from other cities or communities—for instance, from Chicago, Boston, Philadelphia, San Francisco, North Dakota, or other communities—will not give to the Community Chest for the District of Columbia as much as 10 percent of what most of them give to their local Community Chests. The explanation may lie in the feeling of pride in their home communities on the part of the men and women who reside temporarily in the District of Columbia while they are engaged in public service for the Federal Government or while they serve in the Armed Forces. However, the fact still remains that that great group of people, who come from other sections of the United States, and who are only temporary residents of the District of Columbia, do not and cannot, because they have obligations in their home communities, make the same generous and liberal contributions to public institutions in the District of Columbia that they would make to similar institutions in their home communities, of New York, Philadelphia, Boston, San Francisco, North Dakota, or any other part of the United States.

So, Mr. President, I say to you that we would be false to our own instincts and our duty if we were to permit any question of religious denomination to enter into this discussion or into the determination which we will make regarding this bill.

I also think we cannot afford not to realize that the District of Columbia, in which a very large percentage of the population are only temporary residents, cannot possibly meet its obligations to the same extent as can a community in which practically all the residents are domiciled there permanently.

So I hope very much that the bill will not be recommitted, but will be passed.

Mr. PASTORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Rhode Island? The Chair hears none, and it is so ordered.

The question is on the motion of the Senator from South Carolina [Mr. JOHNSTON] to recommit the bill to the Committee on the District of Columbia.

Mr. PASTORE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CASE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CASE. If this motion does not prevail, would the bill still be open to amendment?

The VICE PRESIDENT. The bill would occupy the same status it had before the motion, and would be open to amendment.

The Chief Clerk called the roll.

Mr. McFARLAND. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

The Senator from Illinois [Mr. DOUGLAS], the Senator from Texas [Mr. JOHNSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Louisiana [Mr. LONG], and the Senator from Kentucky [Mr. UNDERWOOD] are absent on official business.

I announce further that the Senator from Virginia [Mr. ROBERTSON] is paired on this vote with the Senator from New Jersey [Mr. SMITH]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from New Jersey would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Utah [Mr. BENNETT], the Senator from Washington [Mr. CAIN], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], the Senator from South Dakota [Mr. MUNDT], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from Missouri [Mr. KEM], the Senator from Wisconsin [Mr. McCARTHY], and the Senator from Idaho [Mr. WELKER] are absent on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from California [Mr. NIXON], and the Senator from Nebraska [Mr. WHERRY] are necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

The Senator from Ohio [Mr. BRICKER], the Senator from Illinois [Mr. DIRKSEN], the Senator from New Jersey [Mr. SMITH] and the Senator from Utah [Mr. WATKINS] are detained on official business.

On this vote, the Senator from New Jersey [Mr. SMITH] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from New Jersey would vote "nay" and the Senator from Virginia would vote "yea."

The Senator from Utah [Mr. BENNETT], if present, would vote "yea."

The result was announced—yeas 29, nays 34, as follows:

YEAS—29

Butler, Nebr.	Frear	Langer
Capehart	Fulbright	Malone
Carlson	George	Maybank
Connally	Hickenlooper	McKellar
Cordon	Hoey	Schoeppel
Dworshak	Holland	Smith, N. C.
Eastland	Jenner	Stennis
Ecton	Johnston, S. C.	Wiley
Ellender	Kerr	Williams
Ferguson	Knowland	

NAYS—34

Benton	Ives	Neely
Brewster	Kilgore	O'Conor
Butler, Md.	Lehman	O'Mahoney
Case	Magnuson	Pastore
Chavez	McCarran	Saltonstall
Green	McFarland	Smathers
Hayden	McMahon	Smith, Maine
Hendrickson	Millikin	Sparkman
Hennings	Monroney	Taft
Hill	Moody	Young
Humphrey	Morse	
Hunt	Murray	

NOT VOTING—33

Aiken	Flanders	Mundt
Anderson	Gillette	Nixon
Bennett	Johnson, Colo.	Robertson
Bricker	Johnson, Tex.	Russell
Bridges	Kefauver	Smith, N. J.
Byrd	Kem	Thye
Cain	Lodge	Tobey
Clements	Long	Underwood
Dirksen	Martin	Watkins
Douglas	McCarthy	Welker
Duff	McClellan	Wherry

So the motion of Mr. JOHNSTON of South Carolina to recommit the bill was not agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment heretofore offered by the Senator from North Dakota [Mr. LANGER].

Mr. LANGER. Mr. President, I ask unanimous consent to withdraw my amendment.

The VICE PRESIDENT. The Senator has that right.

Mr. LANGER. I offered the amendment under the impression that some of the States, when they got some of the loans, had to pay interest. Therefore, I wanted the District of Columbia to pay interest. I now find that the States do not pay interest, and, therefore, I withdraw the amendment.

The VICE PRESIDENT. The Senator from North Dakota withdraws his amendment.

Mr. CASE. Mr. President, I desire to offer an amendment.

The VICE PRESIDENT. The clerk will report the amendment.

Mr. CASE. Mr. President, I move to amend on page 2, line 25, after the word "amended", by inserting "by striking out 30 per centum in said section and inserting 50 per centum and", and on page 3, line 4, to strike out "30" and insert "50."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. Case].

Mr. CASE. Mr. President, the present law which the bill would amend authorizes 30 percent of the net amount ex-

pended by the Federal Works Administrator to be charged against the District of Columbia. The effect of my amendment would be that 50 percent would be charged against the District of Columbia. The Federal Government would pay 50 percent and the District of Columbia would pay 50 percent, instead of on a 70–30 ratio, with the 70 percent falling upon the Federal Government.

As I stated earlier in the afternoon, I have no objection to the Federal Government making a contribution to the hospital program. We do it now under the Hill-Burton Act. I have no objection to the money going to private agencies if it is done under the Hill-Burton Act. But it does seem to me that to propose that 70 percent should be borne by the Federal Government and only 30 percent by the District of Columbia goes too far, and my proposal would be to make the payments 50–50.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CASE. I yield to the Senator from North Dakota.

Mr. LANGER. I wonder if the distinguished Senator from South Dakota knows that under the amendment of the Hill-Burton Act the Federal Government now pays 66⅔ percent.

Mr. CASE. I know it can do so, but as a matter of practice, it seldom does. In my own State of South Dakota, the Public Health Service has followed the principle of not going above 50–50, and the 66⅔-percent payment is not mandatory. Certainly since we already provide aid for the District of Columbia, under the Hill-Burton Act, if we are to go further, it would not be unreasonable to put the payments on a 50–50 ratio, and I think the distinguished Senator from Rhode Island would agree that might be a happy solution of the matter.

Mr. MAYBANK. Mr. President, do I understand correctly that the Senator's amendment would put the District of Columbia and the Federal Government on a 50–50 basis?

Mr. CASE. My amendment would put the payments on the same basis on which they are allocated under the Hill-Burton Act.

Mr. MAYBANK. It would mean that the taxpayers in the District of Columbia would have to pay the same as that paid by the Federal Government, would it?

Mr. CASE. Yes.

Mr. MAYBANK. I am glad the Senator has offered the amendment. I voted to recommit the bill in order that such a provision might be made. I hope the amendment will be agreed to.

Mr. PASTORE. Mr. President, the amendment which has just been suggested was proposed at the meeting of the Committee on the District of Columbia. I suppose any formula for payment worked out might be agreeable to some and not acceptable to others. The point is that before the figure of 30 percent was arrived at, discussions were held between the Federal Works Administration, the Bureau of the Budget, and the Commissioners of the District of Columbia, and they reached the figure of 30 percent.

I realize that there are some who think it should be larger, and there are some who think the percentage possibly should be smaller. The fact of the matter is that after many meetings 30 percent was the figure arrived at, and I am afraid that adoption of the suggestion being made at this late hour, especially when the point was already made in the committee and rejected, would mean that the proposed legislation would be doomed for this session. I hope the Members of the Senate will retain the percentage in the bill as now written.

Mr. MAYBANK. Mr. President, as a taxpayer in Washington, I believe it is my duty to put up the same proportion I put up on my property in Washington as in South Carolina.

Mr. PASTORE. Mr. President, that is not the question at all. As the bill is now drawn, 50 percent of the money will be paid by the hospital, the other 50 percent will be paid by the United States Treasury, and 30 percent is paid back by the District of Columbia to the Treasury of the United States. I do not see how the Senator can make his analogy on the basis of the Hill-Burton Act, which is not related in any way.

Mr. MAYBANK. The Senator from South Dakota made the analogy. I asked him a question, and he told me the amendment would make the people of Washington put up some additional money, which I think they should do, and as one property owner in Washington, I am glad to support the amendment.

Mr. FULBRIGHT. Hr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Does not the pending bill provide for payments in addition to the Hill-Burton funds which have been available to the people of the District of Columbia?

Mr. PASTORE. They are in addition.

Mr. FULBRIGHT. In other words, two or three of the finest hospitals in the country have already been built in the District of Columbia under the Hill-Burton Act.

Mr. PASTORE. Yes.

Mr. FULBRIGHT. The bill provides an additional amount to the District of Columbia, which is not available to any of the States. Is that correct? The point I am making is that talk about what is proposed in the pending bill, being comparable with aid under the Hill-Burton Act, has left the impression that this is the only aid that has been prepared to be given the District of Columbia. It is my understanding that this is in addition to what has been already applied to the District of Columbia.

Mr. PASTORE. The Senator is correct in that respect.

Mr. CASE. Mr. President, that is generally true, but when we apply it practically, it does not work out in that way. The allocation to the District of Columbia under the Hill-Burton Act for the current year is something under $300,000—$270,000, or somewhere in that neighborhood—which, on the basis of population, is a smaller amount, because it relates to the entire metropolitan area. The hospital load in the District of Columbia is not confined to the population of the District of Columbia. A great many Federal workers who live in Virginia and Maryland are dependent on hospital facilities in the District of Columbia.

Mr. PASTORE. Mr. President, to carry that thought through, the Hill-Burton Act is figured on a formula whereby account is taken of the population of a State plus the per capita wealth of the State or the income of the State. When we apply that formula to the District of Columbia, of course the grant is very small.

Mr. CASE. The amount is less than $300,000.

Mr. PASTORE. It is about $256,000.

Mr. CASE. I believe we have a little extra burden here, and when it is applied to the District, it is well to put it on a 50–50 basis, as it would be under my amendment.

Mr. FREAR. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield.

Mr. FREAR. What is the termination date?

Mr. CASE. The date carried in the original act was June 30, 1952.

Mr. FREAR. How many years would the money be available if the pending bill were enacted?

Mr. CASE. It is not an annual proposition. Congress originally provided $35,000,000, and it was authorized to be appropriated during the period ending June 30, 1952. A good deal of that has been used on prior propositions.

Mr. FREAR. Suppose institutions in the District of Columbia in 1953 and 1954 desire to put up 30 percent?

Mr. CASE. They would not have authority to do it, under the pending bill. The bill now pending is not an original measure, of course; it amends the 1946 act.

Mr. FREAR. I am still not clear. For how many years is the Federal Government obligated to give private agencies in the District of Columbia money for the construction of hospitals, under H. R. 2094?

Mr. JOHNSTON of South Carolina. I can answer that question.

Mr. MAYBANK. Mr. President, I should like to ask a question.

Mr. PASTORE. The act expires in June 1952.

Mr. FREAR. Then it is only for this fiscal year.

Mr. PASTORE. Yes. It may have to be extended, in the event commitments are not made.

Mr. FREAR. It may extend to 1953 or 1954, if authorization is given in 1952.

Mr. PASTORE. The original act expires in June 1952. If commitments were not made before that time, we would have to extend the original act.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. CASE].

Mr. JOHNSTON of South Carolina. Mr. President, I invite the attention of Senators to the fact that this bill is an amendment to an act which was passed in 1946, which gave to the District of Columbia $35,000,000 for a hospital cen-

ter. Approximately $21,000,000 of that sum has been spent. It is proposed now to spend the remainder under a different formula and a different system. That is what I have objected to in the bill.

So we have, first, the Hill-Burton Act; then $35,000,000 was given to the District to be used in a certain way; now it is proposed to change that program and spend the remainder of it under a different formula.

Mr. FULBRIGHT. Mr. President, I gathered from the remarks of the Senator from South Dakota [Mr. CASE] that only a very small amount was involved—only $300,000. Is that all the Senator thinks is involved in the pending bill?

Mr. CASE. About $300,000, or a little less than $300,000. My understanding is that the allocations under the Hill-Burton Act for the District of Columbia run about $287,000 as of today. That is on an annual basis. We are not here increasing an authorization. The 1946 act, which is now the law, authorized appropriations up to $35,000,000. That is the present law. What we are proposing by this amendment is to change the percentage which the Federal Government would put up, as against the percentage which the District government would put up.

Mr. FULBRIGHT. I merely wished to satisfy myself. I do not wish to treat the District of Columbia any worse than the States are treated. I was under the impression that, on a population basis, the District had been treated considerably better than other comparable population groups in the country. Is that true?

Mr. CASE. It is true in this respect, that the $35,000,000 authorization passed in 1946 created something which was not created for the rest of the country. That authorization exists as of today, and is the present law.

Mr. FULBRIGHT. That is in addition to the Hill-Burton funds, is it not?

Mr. CASE. Yes.

Mr. FULBRIGHT. I did not think that was clear.

Mr. MAYBANK. Mr. President, as I understand, the bill would place District hospitals on a basis above any State hospitalization program under the Hill-Burton Act or other laws.

The District of Columbia collects taxes. It collects taxes from me. I am glad to pay them. I do not know what is done with the money. Garbage is collected only once a week in the District of Columbia. At home it is collected every day. I hardly ever see a policeman in the District of Columbia. I hope that some of the money which the District government collects in taxes can be used to provide hospitalization for the people of the District of Columbia. The Congress should not be used as an agency to increase the expenditures for hospitalization in the District of Columbia, when every State in the Union is suffering from lack of hospital facilities.

Mr. JOHNSTON of South Carolina. Mr. President, a great deal has been said in regard to this bill. The bill does not affect the Hill-Burton Act. Last year the District of Columbia received $276,000 under the Hill-Burton Act. Then another bill was passed for the benefit of the District, establishing a fund of $35,000,000 for the Hospital Center. Up to the present time approximately $21,000,000 of that amount has been spent. Now it is proposed to set up another system, and to spend the remainder of that money under a different formula. That is the question which is before the Senate. I disapprove of the way the money is being rationed out, so to speak. We are setting a bad precedent. If we set up a different system from the one we have had heretofore, the States will be here asking for the same consideration.

The VICE PRESIDENT. The question is on agreeing to the amendments offered by the Senator from South Dakota [Mr. CASE], which are being considered en bloc.

The amendments were agreed to.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Mr. JOHNSTON of South Carolina. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered and the Chief Clerk called the roll.

Mr. McFARLAND. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

The Senator from Illinois [Mr. DOUGLAS], the Senator from Wyoming [Mr. HUNT], the Senator from Texas [Mr. JOHNSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Louisiana [Mr. LONG], and the Senator from Kentucky [Mr. UNDERWOOD] are absent on official business.

I announce further that the Senator from Virginia [Mr. ROBERTSON] is paired on this vote with the Senator from New Jersey [Mr. SMITH]. If present and voting, the Senator from Virginia would vote "nay," and the Senator from New Jersey would vote "yea."

I announce further that if present and voting, the Senator from Wyoming [Mr. HUNT] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Utah [Mr. BENNETT], the Senator from Washington [Mr. CAIN], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], the Senator from South Dakota [Mr. MUNDT], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from Missouri [Mr. KEM], the Senator from Wisconsin [Mr. McCARTHY], and the Senator from Idaho [Mr. WELKER] are absent on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from California [Mr. NIXON], and the Senator from Nebraska [Mr. WHERRY] are necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

The Senator for Ohio [Mr. BRICKER], the Senator from Illinois [Mr. DIRKSEN], the Senator from New Jersey [Mr. SMITH], and the Senator from Utah [Mr. WATKINS] are detained on official business.

On this vote, the Senator from New Jersey [Mr. SMITH] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from New Jersey would vote "yea" and the Senator from Virginia would vote "nay."

The Senator from Utah [Mr. BENNETT], if present, would vote "nay."

The result was announced—yeas 37, nays 25, as follows:

YEAS—37

Benton	Ives	Murray
Brewster	Kilgore	Neely
Butler, Md.	Langer	O'Conor
Butler, Nebr.	Lehman	O'Mahoney
Case	Magnuson	Pastore
Chavez	Maybank	Saltonstall
Green	McCarran	Smathers
Hayden	McFarland	Smith, Maine
Hendrickson	McMahon	Sparkman
Hennings	Millikin	Taft
Hill	Monroney	Young
Holland	Moody	
Humphrey	Morse	

NAYS—25

Capehart	Frear	Malone
Carlson	Fulbright	McKellar
Connally	George	Schoeppel
Cordon	Hickenlooper	Smith, N. C.
Dworshak	Hoey	Stennis
Eastland	Jenner	Wiley
Ecton	Johnston, S. C.	Williams
Ellender	Kerr	
Ferguson	Knowland	

NOT VOTING—34

Aiken	Gillette	Nixon
Anderson	Hunt	Robertson
Bennett	Johnson, Colo.	Russell
Bricker	Johnson, Tex.	Smith, N. J.
Bridges	Kefauver	Thye
Byrd	Kem	Tobey
Cain	Lodge	Underwood
Clements	Long	Watkins
Dirksen	Martin	Welker
Douglas	McCarthy	Wherry
Duff	McClellan	
Flanders	Mundt	

So the bill (H. R. 2094) was passed.

REHABILITATION OF FLOOD-STRICKEN AREAS

Mr. McFARLAND. Mr. President, I move that the Senate proceed to the consideration of H. J. Res. 341.

The VICE PRESIDENT. The Secretary will state the joint resolution by title.

The LEGISLATIVE CLERK. A joint resolution (H. J. Res. 341) making appropriations for rehabilitation of flood-stricken areas for the fiscal year 1952, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arizona.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (H. J. Res. 341), making appropriations for rehabilitation of flood-stricken areas for the fiscal year 1952, and for other purposes.

ANNOUNCEMENT OF CONSIDERATION OF MUTUAL SECURITY APPROPRIATIONS

Mr. McFARLAND. Mr. President, I wish to make an announcement. The next bill to be taken up will be H. R. 5684, making appropriations for mutual security for the fiscal year ending June 30, 1952, and for other purposes.

EXECUTIVE SESSION

Mr. McFARLAND. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nomination of Charles Morris Irelan, of Maryland, to be United States attorney for the District of Columbia, vice George Morris Fay, resigned, which was referred to the Committee on the Judiciary.

EXECUTIVE REPORT OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

W. Averell Harriman, of New York, to be Director of Mutual Security.

RETURN TO THE PRESIDENT A TREATY AND PROTOCOL

Mr. CONNALLY. Mr. President, from the Committee on Foreign Relations, I report favorably an original Executive resolution directing the Secretary of the Senate to return to the President of the United States, in accordance with his request, a consular convention, with an accompanying protocol of signature, between the United States of America and the United Kingdom of Great Britain and Northern Ireland, signed at Washington on February 16, 1949, and an exchange of notes dated October 12, 1949, relating to the nonapplication of the convention to Newfoundland and Newfoundland citizens—Executive A, Eighty-first Congress, second session.

On June 20, 1951, the President transmitted to the Senate a consular convention and an accompanying protocol of signature between the United States of America and the United Kingdom of Great Britain and Northern Ireland, signed at Washington June 6, 1951. It is the President's desire that this convention and protocol be considered in place of the consular convention and accompanying protocol of signature signed on February 16, 1949, which the President asks be withdrawn.

I ask for immediate consideration of the resolution.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The resolution was read, as follows:

Resolved, That the Secretary of the Senate be, and he is hereby, directed to return to the President of the United States, in accordance with his request, the following treaty:

A consular convention, with an accompanying protocol of signature, between the United States of America and the United Kingdom of Great Britain and Northern Ireland, signed at Washington on February 16, 1949, and an exchange of notes dated October 12, 1949, relating to the nonapplication of the convention to Newfoundland and Newfoundland citizens (Ex. A, 81st Cong., 2d sess.).

The VICE PRESIDENT. Is there objection?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I wonder whether the Senator from Texas could give us the general background of the subject to which he has referred.

Mr. CONNALLY. The statement I made was to the effect that the President had sent to the Senate a convention and protocol. Now he wants it returned, so that he can send a different one.

Mr. SALTONSTALL. All that we would be doing would be to send the convention and protocol back to the President of the United States?

Mr. CONNALLY. That is correct.

Mr. SALTONSTALL. There is nothing for us to consider, therefore, except to follow the President's request and send back to him a certain convention and protocol.

Mr. CONNALLY. That is correct.

Mr. SALTONSTALL. I have no objection.

The VICE PRESIDENT. Is there objection?

There being no objection, the resolution was considered and agreed to.

The VICE PRESIDENT. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

UNITED STATES DISTRICT JUDGE

The Chief Clerk read the nomination of George W. Folta to be United States district judge for division No. 1, district of Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES ATTORNEYS

The Chief Clerk read the nomination of Edmund Port, to be United States attorney for the northern district of New York.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Myles J. Lane, to be United States attorney for the southern district of New York.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES MARSHAL

The Chief Clerk read the nomination of Francis Xavier Chapados, of Alaska, to be United States marshal of division No. 4, district of Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

The VICE PRESIDENT. Without objection, the nominations of postmasters are confirmed en bloc.

Without objection, the President will be notified of all nominations confirmed this day.

RECESS

Mr. McFARLAND. Mr. President, as in legislative session, I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 30 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, October 17, 1951, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate, October 16 (legislative day of October 1), 1951:

UNITED STATES ATTORNEY

Charles Morris Irelan, of Maryland, to be United States attorney for the District of Columbia, vice George Morris Fay, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 16 (legislative day of October 1), 1951:

UNITED STATES DISTRICT JUDGE

George W. Folta, of Alaska, to be United States district judge for division No. 1, district of Alaska.

UNITED STATES ATTORNEYS

Edmund Port to be United States attorney for the northern district of New York.

Myles J. Lane to be United States attorney for the southern district of New York.

UNITED STATES MARSHAL

Francis Xavier Chapados, of Alaska, to be United States marshal for division No. 4, district of Alaska.

POSTMASTERS

ILLINOIS

John P. Kvidera, Carey.
Russell W. Jones, Casey.
Gladys E. Marshall, Chestnut.
Gladys L. White, Valier.

MINNESOTA

Louis Rodal, Nielsville.

MISSISSIPPI

Rusie M. King, Heidelberg.

NEW HAMPSHIRE

Clarence W. Colbeth, North Hampton.

UTAH

Clifford H. Sondrup, Ephraim.
David R. Trevithick, Salt Lake City.

HOUSE OF REPRESENTATIVES

TUESDAY, OCTOBER 16, 1951

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Eternal God, our Father, inspire us now with the spirit of humility and reverence as we unite our hearts to worship Thee.

Grant that in these troubled days we may have Thy unmistakable guidance as we daily assemble to deliberate and debate in the interest of the best kind of legislation for our beloved country.

We penitently confess that our finite minds know so little. Our thoughts are often so vague and futile and we know not how to interpret and implement our problems to the life of our generation.

We pray that we may be more devoutly obedient to the leading of Thy spirit. Show us how we may decide and settle every great problem in the same way as Thy servants did in the long ago which enabled them to say, "It seemed good to the Holy Spirit and to us."

In Christ's name we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Landers, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1347. An act to amend the Railroad Retirement Act, the Railroad Retirement Tax Act, and the Railroad Unemployment Insurance Act, and for other purposes;

S. 2244. An act to amend certain housing legislation to grant preferences to veterans of the Korean conflict; and

S. Con. Res. 51. Concurrent resolution establishing a Joint Committee on Railroad Retirement Legislation.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3298. An act to amend section 503 (b) of the Federal Food, Drug, and Cosmetic Act.

The message also announced that the Senate insists upon its amendments to the foregoing bill and requests a conference with the House on the disagreeing votes of the two House thereon, and appoints Mr. LEHMAN, Mr. HUMPHREY, and Mr. NIXON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 945. An act to amend the District of Columbia Teachers' Salary Act of 1947.

The message also announced that the Senate agrees to the amendments of the House numbered 1, 2, 3, 5, and 6 to the bill (S. 657) entitled "An act to amend and clarify the District of Columbia Teachers' Leave Act of 1949, and for other purposes"; and

That the Senate agrees to House amendment No. 4 to the above-entitled bill with an amendment as follows: Before the language "existing at the time such leave was granted" insert the following: "in accordance with the rules of the Board of Education."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 11) entitled "An act to provide for the appointment of conservations to conserve the assets of persons of advanced age, mental weakness, not amounting to unsoundness of mind, or physical incapacity".

REVENUE ACT OF 1951—CONFERENCE REPORT

Mr. DOUGHTON. Mr. Speaker, I call up the conference report on the bill (H. R. 4473) to provide revenue, and for other purposes, and I ask unanimous consent that the statement on the part of the managers be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 203]

Allen, Calif.	Donovan	Murray, Wis.
Allen, La.	Dorn	Norblad
Baring	Havenner	Patman
Bates, Ky.	Hébert	Patten
Blackney	Herlong	Phillips
Boggs, La.	Hess	Powell
Bosone	Holifield	Regan
Boykin	Howell	Ribicoff
Bramblett	Irving	Roosevelt
Brown, Ohio	Jackson, Calif.	Sabath
Buckley	Johnson	Scott,
Burleson	Judd	Hugh D., Jr.
Busbey	Kearney	Shelley
Byrne, N. Y.	Kelley, Pa.	Sikes
Byrnes, Wis.	Kennedy	Taylor
Celler	Keogh	Teague
Chatham	Kersten, Wis.	Thompson, Tex.
Cole, N. Y.	Kilburn	Thornberry
Combs	Kirwan	Velde
Crawford	Lantaff	Watts
Dague	Lucas	Werdel
Dawson	McDonough	Whitaker
Deane	Mack, Ill.	Wilson, Tex.
Dempsey	Madden	Wolcott
D'Ewart	Miller, Calif.	Wood, Ga.
Dingell	Murphy	

The SPEAKER. On this roll call 352 Members have answered to their names. A quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

SIZE AND WEIGHT LIMITATIONS FOR FOURTH-CLASS MAIL

Mr. MURRAY of Tennessee submitted a conference report and statement on the bill (S. 1335) to readjust size and weight limitations on fourth-class mail.

REVENUE ACT OF 1951—CONFERENCE REPORT

The SPEAKER. The Clerk will read the statement on the part of the managers of the House.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1179)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4473), to provide revenue, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 5, 94, 98, 119, 120, 123, 124, 125, 126, 130, 132, 133, 134, 135, 136, 138, 139, 140, 144, 145, 146, 147, 148, 149, 150, 152, 155, 157, 158, 159, 160, 161, 162, 164, 165, 170, 177, 182, 183, 201, 202, and 203.

That the House recede from its disagreement to the amendments of the Senate numbered 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 44, 47, 48, 49, 50, 51, 52, 56, 57, 58, 59, 60, 61, 62, 63, 65, 66, 68, 69, 70, 71, 72, 73, 74, 75, 76, 87, 95, 103, 105, 106, 108, 109, 112, 113, 114, 115, 116, 117, 153, 169, 171, 176, 180, 186, 187, 189, 190, 192, 195, 196, 204, 205, 206, 207, 208, 209, 212, 218, 223, 229, 230, 232, 233, 242, 243, and 244 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with the following amendments:

Strike out the surtax table beginning on page 1 of the Senate engrossed amendments and insert the following:

"'If the surtax net income is: The surtax shall be:

Not over $2,000	17.4% of the surtax net income.
Over $2,000 but not over $4,000.	$348, plus 19.4% of excess over $2,000.
Over $4,000 but not over $6,000.	$736, plus 24% of excess over $4,000.
Over $6,000 but not over $8,000.	$1,216, plus 27% of excess over $6,000.
Over $8,000 but not over $10,000.	$1,756, plus 30% of excess over $8,000.
Over $10,000 but not over $12,000.	$2,356, plus 36% of excess over $10,000.
Over $12,000 but not over $14,000.	$3,116, plus 40% of excess over $12,000.
Over $14,000 but not over $16,000.	$3,916, plus 45% of excess over $14,000.
Over $16,000 but not over $18,000.	$4,816, plus 48% of excess over $16,000.
Over $18,000 but not over $20,000.	$5,776, plus 51% of excess over $18,000.
Over $20,000 but not over $22,000.	$6,796, plus 54% of excess over $20,000.
Over $22,000 but not over $26,000.	$7,876, plus 57% of excess over $22,000.
Over $26,000 but not over $32,000.	$10,156, plus 60% of excess over $26,000.
Over $32,000 but not over $38,000.	$13,756, plus 63% of excess over $32,000.
Over $38,000 but not over $44,000.	$17,536, plus 66% of excess over $38,000.
Over $44,000 but not over $50,000.	$21,496, plus 70% of excess over $44,000.
Over $50,000 but not over $60,000.	$25,696, plus 72% of excess over $50,000.
Over $60,000 but not over $70,000.	$32,896, plus 75% of excess over $60,000.
Over $70,000 but not over $80,000.	$40,396, plus 79% of excess over $70,000.
Over $80,000 but not over $90,000.	$48,296, plus 81% of excess over $80,000.
Over $90,000 but not over $100,000.	$56,396, plus 84% of excess over $90,000.
Over $100,000 but not over $150,000.	$64,796, plus 86% of excess over $100,000.
Over $150,000 but not over $200,000.	$107,796, plus 87% of excess over $150,000.
Over $200,000	$151,296, plus 88% of excess over $200,000."

Strike out the surtax table on page 3 of the Senate engrossed amendments and insert the following:

"'If the surtax net income is: The surtax shall be:

Not over $2,000	19.3% of the surtax net income.
Over $2,000 but not over $4,000.	$386, plus 21.6% of excess over $2,000.
Over $4,000 but not over $6,000.	$818, plus 26% of excess over $4,000.
Over $6,000 but not over $8,000.	$1,338, plus 31% of excess over $6,000.
Over $8,000 but not over $10,000.	$1,958, plus 35% of excess over $8,000.
Over $10,000 but not over $12,000.	$2,658, plus 39% of excess over $10,000.
Over $12,000 but not over $14,000.	$3,438, plus 45% of excess over $12,000.

"'If the surtax net income is:	The surtax shall be:
Over $14,000 but not over $16,000.	$4,338, plus 50% of excess over $14,000.
Over $16,000 but not over $18,000.	$5,338, plus 53% of excess over $16,000.
Over $18,000 but not over $20,000.	$6,398, plus 56% of excess over $18,000.
Over $20,000 but not over $22,000.	$7,518, plus 59% of excess over $20,000.
Over $22,000 but not over $26,000.	$8,698, plus 63% of excess over $22,000.
Over $26,000 but not over $32,000.	$11,218, plus 64% of excess over $26,000.

"'If the surtax net income is:	The surtax shall be:
Over $32,000 but not over $38,000.	$15,058, plus 65% of excess over $32,000.
Over $38,000 but not over $44,000.	$18,958, plus 69% of excess over $38,000.
Over $44,000 but not over $50,000.	$23,098, plus 72% of excess over $44,000.
Over $50,000 but not over $60,000.	$27,418, plus 74% of excess over $50,000.
Over $60,000 but not over $70,000.	$34,818, plus 77% of excess over $60,000.
Over $70,000 but not over $80,000.	$42,518, plus 80% of excess over $70,000.

"'If the surtax net income is:	The surtax shall be:
Over $80,000 but not over $90,000.	$50,518, plus 82% of excess over $80,000.
Over $90,000 but not over $100,000.	$58,718, plus 85% of excess over $90,000.
Over $100,000 but not over $150,000.	$67,218, plus 87% of excess over $100,000.
Over $150,000 but not over $200,000.	$110,718, plus 88% of excess over $150,000.
Over $200,000	$154,718, plus 89% of excess over $200,000."

Strike out the tables on pages 7 and 8 of the Senate engrossed amendments and insert the following:

"'TABLE II

"'*Taxable years beginning after October 31, 1951, and before January 1, 1954*

If adjusted gross income is—		And the number of exemptions is—				If adjusted gross income is—		And the number of exemptions is—										
								1		2			3					
At least	But less than	1	2	3	4 or more	At least	But less than	And taxpayer is single or married filing separately	And taxpayer is head of household	And taxpayer is single or married filing separately	And taxpayer is head of household	And a joint return is filed	And taxpayer is single or married filing separately	And taxpayer is head of household	And a joint return is filed	4	5	6	7	8 or more
		The tax shall be—						The tax shall be—										
$0	$675	$0	$0	$0	$0	$2,325	$2,350	$335	$335	$202	$202	$202	$68	$68	$68	$0	$0	$0	$0	$0
675	700	4	0	0	0	2,350	2,375	340	340	207	207	207	73	73	73	0	0	0	0	0
700	725	9	0	0	0	2,375	2,400	345	345	212	212	212	78	78	78	0	0	0	0	0
725	750	14	0	0	0	2,400	2,425	350	350	217	217	217	83	83	83	0	0	0	0	0
750	775	19	0	0	0	2,425	2,450	355	355	222	222	222	88	88	88	0	0	0	0	0
775	800	24	0	0	0	2,450	2,475	360	360	227	227	227	93	93	93	0	0	0	0	0
800	825	29	0	0	0	2,475	2,500	365	365	232	232	232	98	98	98	0	0	0	0	0
825	850	34	0	0	0	2,500	2,525	370	370	237	237	237	103	103	103	0	0	0	0	0
850	875	39	0	0	0	2,525	2,550	375	375	242	242	242	108	108	108	0	0	0	0	0
875	900	44	0	0	0	2,550	2,575	380	380	247	247	247	113	113	113	0	0	0	0	0
900	925	49	0	0	0	2,575	2,600	386	386	252	252	252	118	118	118	0	0	0	0	0
925	950	54	0	0	0	2,600	2,625	391	391	257	257	257	123	123	123	0	0	0	0	0
950	975	59	0	0	0	2,625	2,650	396	396	262	262	262	128	128	128	0	0	0	0	0
975	1,000	64	0	0	0	2,650	2,675	401	401	267	267	267	133	133	133	0	0	0	0	0
1,000	1,025	69	0	0	0	2,675	2,700	406	406	272	272	272	138	138	138	4	0	0	0	0
1,025	1,050	74	0	0	0	2,700	2,725	411	411	277	277	277	143	143	143	9	0	0	0	0
1,050	1,075	79	0	0	0	2,725	2,750	416	416	282	282	282	148	148	148	14	0	0	0	0
1,075	1,100	84	0	0	0	2,750	2,775	421	421	287	287	287	153	153	153	19	0	0	0	0
1,100	1,125	89	0	0	0	2,775	2,800	426	426	292	292	292	158	158	158	24	0	0	0	0
1,125	1,150	94	0	0	0	2,800	2,825	431	431	297	297	297	163	163	163	29	0	0	0	0
1,150	1,175	100	0	0	0	2,825	2,850	436	436	302	302	302	168	168	168	34	0	0	0	0
1,175	1,200	105	0	0	0	2,850	2,875	441	441	307	307	307	173	173	173	39	0	0	0	0
1,200	1,225	110	0	0	0	2,875	2,900	446	446	312	312	312	178	178	178	44	0	0	0	0
1,225	1,250	115	0	0	0	2,900	2,925	451	451	317	317	317	183	183	183	49	0	0	0	0
1,250	1,275	120	0	0	0	2,925	2,950	457	456	322	322	322	188	188	188	54	0	0	0	0
1,275	1,300	125	0	0	0	2,950	2,975	462	461	327	327	327	193	193	193	59	0	0	0	0
1,300	1,325	130	0	0	0	2,975	3,000	468	467	332	332	332	198	198	198	64	0	0	0	0
1,325	1,350	135	1	0	0	3,000	3,050	476	475	340	340	340	206	206	206	72	0	0	0	0
1,350	1,375	140	6	0	0	3,050	3,100	487	485	350	350	350	216	216	216	82	0	0	0	0
1,375	1,400	145	11	0	0	3,100	3,150	498	496	360	360	360	226	226	226	92	0	0	0	0
1,400	1,425	150	16	0	0	3,150	3,200	509	506	370	370	370	236	236	236	102	0	0	0	0
1,425	1,450	155	21	0	0	3,200	3,250	520	517	380	380	380	246	246	246	112	0	0	0	0
1,450	1,475	160	26	0	0	3,250	3,300	531	527	390	390	390	256	256	256	122	0	0	0	0
1,475	1,500	165	31	0	0	3,300	3,350	543	538	400	400	400	266	266	266	132	0	0	0	0
1,500	1,525	170	36	0	0	3,350	3,400	554	548	410	410	410	276	276	276	142	8	0	0	0
1,525	1,550	175	41	0	0	3,400	3,450	565	559	420	420	420	286	286	286	152	18	0	0	0
1,550	1,575	180	46	0	0	3,450	3,500	576	569	430	430	430	296	296	296	162	28	0	0	0
1,575	1,600	185	51	0	0	3,500	3,550	587	580	440	440	440	306	306	306	172	38	0	0	0
1,600	1,625	190	56	0	0	3,550	3,600	598	590	450	450	450	316	316	316	182	49	0	0	0
1,625	1,650	195	61	0	0	3,600	3,650	609	601	461	461	460	326	326	326	192	59	0	0	0
1,650	1,675	200	66	0	0	3,650	3,700	620	612	472	471	470	336	336	336	202	69	0	0	0
1,675	1,700	205	71	0	0	3,700	3,750	631	622	484	482	480	346	346	346	212	79	0	0	0
1,700	1,725	210	76	0	0	3,750	3,800	642	633	495	492	490	356	356	356	222	89	0	0	0
1,725	1,750	215	81	0	0	3,800	3,850	653	643	506	503	500	366	366	366	232	99	0	0	0
1,750	1,775	220	86	0	0	3,850	3,900	664	654	517	513	510	376	376	376	243	109	0	0	0
1,775	1,800	225	91	0	0	3,900	3,950	675	664	528	524	520	386	386	386	253	119	0	0	0
1,800	1,825	230	96	0	0	3,950	4,000	686	675	539	534	530	396	396	396	263	129	0	0	0
1,825	1,850	235	101	0	0	4,000	4,050	698	685	550	545	540	406	406	406	273	139	5	0	0
1,850	1,875	240	106	0	0	4,050	4,100	709	696	561	555	550	416	416	416	283	149	15	0	0
1,875	1,900	245	111	0	0	4,100	4,150	720	706	572	566	560	426	426	426	293	159	25	0	0
1,900	1,925	250	116	0	0	4,150	4,200	731	717	583	576	570	437	437	437	303	169	35	0	0
1,925	1,950	255	121	0	0	4,200	4,250	742	727	594	587	580	447	447	447	313	179	45	0	0
1,950	1,975	260	126	0	0	4,250	4,300	753	738	605	598	590	458	457	457	323	189	55	0	0
1,975	2,000	265	131	0	0	4,300	4,350	764	748	616	608	600	469	468	467	333	199	65	0	0
2,000	2,025	270	136	3	0	4,350	4,400	775	759	627	619	610	480	478	477	343	209	75	0	0
2,025	2,050	275	141	8	0	4,400	4,450	786	770	638	629	620	491	489	487	353	219	85	0	0
2,050	2,075	280	146	13	0	4,450	4,500	797	780	650	640	631	502	499	497	363	229	95	0	0
2,075	2,100	285	151	18	0	4,500	4,550	808	791	661	650	641	513	510	507	373	239	105	0	0
2,100	2,125	290	156	23	0	4,550	4,600	819	801	672	661	651	524	520	517	383	249	115	0	0
2,125	2,150	295	161	28	0	4,600	4,650	830	812	683	671	661	535	531	527	393	259	125	0	0
2,150	2,175	300	166	33	0	4,650	4,700	841	822	694	682	671	546	541	537	403	269	135	2	0
2,175	2,200	305	171	38	0	4,700	4,750	853	833	705	692	681	557	552	547	413	279	146	12	0
2,200	2,225	310	176	43	0	4,750	4,800	864	843	716	703	691	568	562	557	423	289	156	22	0
2,225	2,250	315	181	48	0	4,800	4,850	875	854	727	713	701	579	573	567	433	299	166	32	0
2,250	2,275	320	186	53	0	4,850	4,900	886	864	738	724	711	591	583	577	443	309	176	42	0
2,275	2,300	325	192	58	0	4,900	4,950	897	875	749	734	721	602	594	587	453	319	186	52	0
2,300	2,325	330	197	63	0	4,950	5,000	908	885	760	745	731	613	605	597	463	329	196	62	0

"'TABLE III

"'*Taxable years beginning after December 31, 1953*

If adjusted gross income is—		And the number of exemptions is—				If adjusted gross income is—		And the number of exemptions is—											
								1		2			3						
At least	But less than	1	2	3	4 or more	At least	But less than	And taxpayer is single or married filing separately	And taxpayer is head of household	And taxpayer is single or married filing separately	And taxpayer is head of household	And a joint return is filed	And taxpayer is single or married filing separately	And taxpayer is head of household	And a joint return is filed	4	5	6	7	8 or more
		The tax shall be—						The tax shall be—											
$0	$675	$0	$0	$0	$0	$2,325	$2,350	$301	$301	$181	$181	$181	$61	$61	$61	$0	$0	$0	$0	$0
675	700	4	0	0	0	2,350	2,375	305	305	185	185	185	65	65	65	0	0	0	0	0
700	725	8	0	0	0	2,375	2,400	310	310	190	190	190	70	70	70	0	0	0	0	0
725	750	13	0	0	0	2,400	2,425	314	314	194	194	194	74	74	74	0	0	0	0	0
750	775	17	0	0	0	2,425	2,450	319	319	199	199	199	79	79	79	0	0	0	0	0
775	800	22	0	0	0	2,450	2,475	323	323	203	203	203	83	83	83	0	0	0	0	0
800	825	26	0	0	0	2,475	2,500	328	328	208	208	208	88	88	88	0	0	0	0	0
825	850	31	0	0	0	2,500	2,525	332	332	212	212	212	92	92	92	0	0	0	0	0
850	875	35	0	0	0	2,525	2,550	337	337	217	217	217	97	97	97	0	0	0	0	0
875	900	40	0	0	0	2,550	2,575	341	341	221	221	221	101	101	101	0	0	0	0	0
900	925	44	0	0	0	2,575	2,600	346	346	226	226	226	106	106	103	0	0	0	0	0
925	950	49	0	0	0	2,600	2,625	350	350	230	230	230	110	110	110	0	0	0	0	0
950	975	53	0	0	0	2,625	2,650	355	355	235	235	235	115	115	115	0	0	0	0	0
975	1,000	58	0	0	0	2,650	2,675	359	359	239	239	239	119	119	119	0	0	0	0	0
1,000	1,025	62	0	0	0	2,675	2,700	364	364	244	244	244	124	124	124	4	0	0	0	0
1,025	1,050	67	0	0	0	2,700	2,725	368	368	248	248	248	128	128	128	8	0	0	0	0
1,050	1,075	71	0	0	0	2,725	2,750	373	373	253	253	253	133	133	133	13	0	0	0	0
1,075	1,100	76	0	0	0	2,750	2,775	377	377	257	257	257	137	137	137	17	0	0	0	0
1,100	1,125	80	0	0	0	2,775	2,800	382	382	262	262	262	142	142	142	22	0	0	0	0
1,125	1,150	85	0	0	0	2,800	2,825	386	386	266	266	266	146	146	146	26	0	0	0	0
1,150	1,175	89	0	0	0	2,825	2,850	391	391	271	271	271	151	151	151	31	0	0	0	0
1,175	1,200	94	0	0	0	2,850	2,875	395	395	275	275	275	155	155	155	35	0	0	0	0
1,200	1,225	98	0	0	0	2,875	2,900	400	400	280	280	280	160	160	160	40	0	0	0	0
1,225	1,250	103	0	0	0	2,900	2,925	405	404	284	284	284	164	164	164	44	0	0	0	0
1,250	1,275	107	0	0	0	2,925	2,950	410	409	289	289	289	169	169	169	49	0	0	0	0
1,275	1,300	112	0	0	0	2,950	2,975	415	414	293	293	293	173	173	173	53	0	0	0	0
1,300	1,325	116	0	0	0	2,975	3,000	420	419	298	298	298	178	178	178	58	0	0	0	0
1,325	1,350	121	1	0	0	3,000	3,050	427	426	305	305	305	185	185	185	65	0	0	0	0
1,350	1,375	125	5	0	0	3,050	3,100	437	435	314	314	314	194	194	194	74	0	0	0	0
1,375	1,400	130	10	0	0	3,100	3,150	447	445	323	323	323	203	203	203	83	0	0	0	0
1,400	1,425	134	14	0	0	3,150	3,200	457	454	332	332	332	212	212	212	92	0	0	0	0
1,425	1,450	139	19	0	0	3,200	3,250	467	464	341	341	341	221	221	221	101	0	0	0	0
1,450	1,475	143	23	0	0	3,250	3,300	476	473	350	350	350	230	230	230	110	0	0	0	0
1,475	1,500	148	28	0	0	3,300	3,350	486	482	359	359	359	239	239	239	119	0	0	0	0
1,500	1,525	152	32	0	0	3,350	3,400	496	492	368	368	368	248	248	248	128	8	0	0	0
1,525	1,550	157	37	0	0	3,400	3,450	506	501	377	377	377	257	257	257	137	17	0	0	0
1,550	1,575	161	41	0	0	3,450	3,500	516	511	386	386	386	266	266	266	146	26	0	0	0
1,575	1,600	166	46	0	0	3,500	3,550	525	520	395	395	395	275	275	275	155	35	0	0	0
1,600	1,625	170	50	0	0	3,550	3,600	536	530	404	404	404	284	284	284	164	44	0	0	0
1,625	1,650	175	55	0	0	3,600	3,650	546	539	414	413	413	293	293	293	173	53	0	0	0
1,650	1,675	179	59	0	0	3,650	3,700	556	549	424	423	422	302	302	302	182	62	0	0	0
1,675	1,700	184	64	0	0	3,700	3,750	566	558	434	432	431	311	311	311	191	71	0	0	0
1,700	1,725	188	68	0	0	3,750	3,800	575	567	443	441	440	320	320	320	200	80	0	0	0
1,725	1,750	193	73	0	0	3,800	3,850	585	577	453	451	449	329	329	329	209	89	0	0	0
1,750	1,775	197	77	0	0	3,850	3,900	595	586	463	460	458	338	338	338	218	98	0	0	0
1,775	1,800	202	82	0	0	3,900	3,950	605	596	473	470	467	347	347	347	227	107	0	0	0
1,800	1,825	206	86	0	0	3,950	4,000	615	605	483	479	476	356	356	356	236	116	0	0	0
1,825	1,850	211	91	0	0	4,000	4,050	625	615	493	489	485	365	365	365	245	125	5	0	0
1,850	1,875	215	95	0	0	4,050	4,100	635	624	503	498	494	374	374	374	254	134	14	0	0
1,875	1,900	220	100	0	0	4,100	4,150	645	634	513	508	503	383	383	383	263	143	23	0	0
1,900	1,925	224	104	0	0	4,150	4,200	655	643	523	517	512	392	392	392	272	152	32	0	0
1,925	1,950	229	109	0	0	4,200	4,250	665	653	533	527	521	401	401	401	281	161	41	0	0
1,950	1,975	233	113	0	0	4,250	4,300	674	662	542	536	530	410	410	410	290	170	50	0	0
1,975	2,000	238	118	0	0	4,300	4,350	684	671	552	545	539	420	419	419	299	179	59	0	0
2,000	2,025	242	122	2	0	4,350	4,400	694	681	562	555	548	430	429	428	308	188	68	0	0
2,025	2,050	247	127	7	0	4,400	4,450	704	690	572	564	557	440	438	437	317	197	77	0	0
2,050	2,075	251	131	11	0	4,450	4,500	714	700	582	574	566	450	448	446	326	206	86	0	0
2,075	2,100	256	136	16	0	4,500	4,550	724	709	592	583	575	460	457	455	335	215	95	0	0
2,100	2,125	260	140	20	0	4,550	4,600	734	719	602	593	584	470	467	464	344	224	104	0	0
2,125	2,150	265	145	25	0	4,600	4,650	744	728	612	602	593	480	476	473	353	233	113	0	0
2,150	2,175	269	149	29	0	4,650	4,700	754	738	622	612	602	490	486	482	362	242	122	2	0
2,175	2,200	274	154	34	0	4,700	4,750	764	747	632	621	611	500	495	491	371	251	131	11	0
2,200	2,225	278	158	38	0	4,750	4,800	773	756	641	630	620	509	504	500	380	260	140	20	0
2,225	2,250	283	163	43	0	4,800	4,850	783	766	651	640	629	519	514	509	389	269	149	29	0
2,250	2,275	287	167	47	0	4,850	4,900	793	775	661	649	638	529	523	518	398	278	158	38	0
2,275	2,300	292	172	52	0	4,900	4,950	803	785	671	659	647	539	533	527	407	287	167	47	0
2,300	2,325	296	176	56	0	4,950	5,000	813	794	681	668	656	549	542	536	416	296	176	56	0"

And the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"'(b) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every corporation (except a corporation subject to a tax imposed by section 231 (a), Supplement G, or Supplement Q)—

"'(1) Calendar year 1951: In the case of a taxable year beginning on January 1, 1951, and ending on December 31, 1951, a tax of 28¾ per centum of the normal-tax net income.

"'(2) Taxable years beginning after March 31, 1951, and before April 1, 1954: In the case of taxable years beginning after March 31, 1951, and before April 1, 1954, a tax of 30 per centum of the normal-tax income.

"'(3) Taxable years beginning after March 31, 1954: In the case of taxable years beginning after March 31, 1954, a tax of 25 per centum of the normal-tax net income.'"

And the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with the following amendments:

On page 13, line 13, of the Senate engrossed amendments, strike out "(c)" and insert "(b)."

On page 13, line 24, of the Senate engrossed amendments strike out "16½" and insert "17¼."

On page 14, line 12, of the Senate engrossed amendments strike out "17" and insert "18."

And the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Mutual insurance companies other than life or marine:

"(1) Section 207 (a) (1) (relating to normal tax and surtax on mutual insurance companies, other than life or marine) is hereby amended by striking out subpara-

graphs (A) and (B) and inserting in lieu thereof the following:

"'(A) Taxable years beginning after December 31, 1950, and before April 1, 1951: In the case of taxable years beginning after December 31, 1950, and before April 1, 1951, and ending after March 31, 1951—

"'(i) Normal tax: A normal tax of 28¾ per centum of the normal-tax net income, or 57½ per centum of the amount by which the normal-tax net income exceeds $3,000, whichever is the lesser; plus

"'(ii) Surtax: A surtax of 22 per centum of the corporation surtax net income in excess of $25,000.

"'(B) Taxable years beginning after March 31,1951, and before April 1, 1954: In the case of taxable years beginning after March 31, 1951, and before April 1, 1954—

"'(i) Normal tax: A normal tax of 30 per centum of the normal-tax net income, or 60 per centum of the amount by which the normal-tax net income exceeds $3,000, whichever is the lesser; plus

"'(ii) Surtax: A surtax of 22 per centum of the corporation surtax net income in excess of $25,000.

"'(C) Taxable years beginning after March 31, 1954: In the case of a taxable year beginning after March 31, 1954—

"'(i) Normal tax: A normal tax of 25 per centum of the normal-tax net income, or 50 per centum of the amount by which the normal-tax net income exceeds $3,000, whichever is the lesser; plus

"'(ii) Surtax: A surtax of 22 per centum of the corporation surtax net income in excess of $25,000.'

"(2) Section 207 (a) (3) (relating to a normal tax and surtax on interinsurers and reciprocal underwriters) is hereby amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

"'(A) Taxable years beginning after December 31, 1950, and before April 1, 1951: In the case of taxable years beginning after December 31, 1950, and before April 1, 1951, and ending after March 31, 1951—

"'(i) Normal tax: A normal tax of 28¾ per centum of the normal-tax net income, or 57½ per centum of the amount by which the normal-tax net income exceeds $50,000, whichever is the lesser; plus

"'(ii) Surtax: A surtax of 22 per centum of the corporation surtax net income in excess of $25,000, or 33 per centum of the amount by which the corporation surtax net income exceeds $50,000, whichever is the lesser.

"'(B) Taxable years beginning after March 31, 1951, and before April 1, 1954: In the case of taxable years beginning after March 31, 1951, and before April 1, 1954—

"'(i) Normal tax: A normal tax of 30 per centum of the normal-tax net income, or 60 per centum of the amount by which the normal-tax net income exceeds $50,000, whichever is the lesser; plus

"'(ii) Surtax: A surtax of 22 per centum of the corporation surtax net income in excess of $25,000, or 33 per centum of the amount by which the corporation surtax net income exceeds $50,000, whichever is the lesser.

"'(C) Taxable years beginning after March 31, 1954: In the case of a taxable year beginning after March 31, 1954—

"'(i) Normal tax: A normal tax of 25 per centum of the normal-tax net income, or 50 per centum of the amount by which the normal-tax net income exceeds $50,000, whichever is the lesser; plus

"'(ii) Surtax: A surtax of 22 per centum of the corporation surtax net income in excess of $25,000, or 33 per centum of the amount by which the corporation surtax net income exceeds $50,000, whichever is the lesser.'

"(d) Regulated investment companies: Section 362 (b) (relating to tax on regulated investment companies) is hereby amended by striking out paragraphs (3) and (4) and inserting in lieu thereof the following:

"'(3) In the case of taxable years beginning after December 31, 1950, and before April 1, 1951, and ending after March 31, 1951, there shall be levied, collected, and paid for each taxable year upon its Supplement Q net income a tax equal to 28¾ per centum of the amount thereof. In the case of taxable years beginning after March 31, 1951, and before April 1, 1954, there shall be levied, collected, and paid for each taxable year upon its Supplement Q net income a tax equal to 30 per centum of the amount thereof. In the case of taxable years beginning after March 31, 1954, there shall be levied, collected, and paid for each taxable year upon its Supplement Q net income a tax equal to 25 per centum of the amount thereof.

"'(4) In the case of taxable years beginning after December 31, 1950, there shall be levied, collected, and paid for each taxable year upon its Supplement Q surtax net income a tax equal to 22 per centum of the amount thereof in excess of $25,000.'

"(e) Business income of certain section 101 organizations: Section 421 (a) (1) (relating to imposition of tax on business income of certain section 101 organizations) is hereby amended by inserting before the period at the end thereof the following: ' ; except that (A) in the case of taxable years beginning before April 1, 1951, and ending after March 31, 1951, the normal tax shall be 28¾ per centum of the Supplement U net income, and (B) in the case of taxable years beginning after March 31, 1951, and before April 1, 1954, the normal tax shall be 30 per centum of the Supplement U net income'.

"(f) Amendment of section 15: Section 15 (relating to surtax on corporations) is hereby amended to read as follows:

"'SEC. 15. Surtax on corporations.

"'(a) Corporation surtax net income: For the purposes of this chapter, the term "corporation surtax net income" means the net income minus the sum of the following credits:

"'(1) The credit for dividends received provided in section 26 (b);

"'(2) In the case of a public utility, the credit for dividends paid on its preferred stock provided in section 26 (h);

"'(3) In the case of a western hemisphere trade corporation (as defined in section 109), the credit provided in section 26 (i).

"'(b) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the corporation surtax net income of every corporation (except a corporation subject to a tax imposed by section 231 (a), Supplement G, or Supplement Q) a surtax of 22 per centum of the amount of the corporation surtax net income in excess of $25,000.

"'(c) Disallowance of surtax exemption and minimum excess profits credit: If any corporation transfers, on or after January 1, 1951, all or part of its property (other than money) to another corporation which was created for the purpose of acquiring such property or which was not actively engaged in business at the time of such acquisition, and if such transfer the transferor corporation or its stockholders, or both, are in control of such transferee corporation during any part of the taxable year of such transferee corporation, then such transferee corporation shall not for such taxable year (except as may be otherwise determined under section 129 (b)) be allowed either the $25,000 exemption from surtax provided in subsection (b) or the $25,000 minimum excess profits credit provided in the last sentence of section 431, unless such transferee corporation shall establish by the clear preponderance of the evidence that the securing of such exemption or credit was not a major purpose of such transfer. For the purposes of this subsection, control means the ownership of stock possessing at least 80 per centum of the total combined voting power of all classes of stock entitled to vote or at least 80 per centum of the total value of shares of all classes of stock of the corporation. In determining the ownership of stock for the purpose of this subsection, the ownership of stock shall be determined in accordance with the provisions of section 503, except that constructive ownership under section 503 (a) (2) shall be determined only with respect to the individual's spouse and minor children. The provisions of section 129 (b), and the authority of the Secretary under such section, shall, to the extent not inconsistent with the provisions of this subsection, be applicable to this subsection. This subsection shall not apply to any taxable year with respect to which the tax imposed by subchapter D of this chapter is not in effect.'

"(g) Technical amendment: Section 14 (relating to normal tax on special classes of corporations in the case of taxable years beginning before July 1, 1950) is hereby repealed."

And the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 122. Credits of corporations.

"(a) Dividends received credit: Paragraphs (1) and (2) of section 26 (b) (relating to credit for dividends received) are hereby amended to read as follows:

"'(1) In general: 85 per centum of the amount received as dividends (other than dividends described in paragraph (2) on the preferred stock of a public utility) from a domestic corporation which is subject to taxation under this chapter.

"'(2) Certain preferred stock:

"'(A) Calendar year 1951: In the case of a taxable year beginning on January 1, 1951, and ending on December 31, 1951, 61 per centum of the amount received as dividends on the preferred stock of a public utility which is subject to taxation under this chapter and with respect to which the credit provided in section 26 (h) for dividends paid is allowable.

"'(B) Taxable years beginning after March 31, 1951, and before April 1, 1954: In the case of taxable years beginning after March 31, 1951, and before April 1, 1954, 62 per centum of the amount received as dividends on the preferred stock of a public utility which is subject to taxation under this chapter and with respect to which the credit provided in section 26 (h) for dividends paid is allowable.

"'(C) Taxable years beginning after March 31, 1954: In the case of taxable years beginning after March 31, 1954, 59 per centum of the amount received as dividends on the preferred stock of a public utility which is subject to taxation under this chapter and with respect to which the credit provided in section 26 (h) for dividends paid is allowable.'

"(b) Credit for dividends paid on certain Preferred Stock: The first sentence of section 26 (h) (1) (relating to amount of credit for dividends paid on certain preferred stock) is hereby amended to read as follows: 'In the case of a public utility, (A) for a taxable year beginning on January 1, 1951, and ending on December 31, 1951, an amount equal to 28 per centum of the lesser of (i) the amount of dividends paid during the taxable year on its preferred stock or (ii) the adjusted net income for such taxable year minus the credit for dividends received provided in subsection (b) for such year, (B)

for a taxable year beginning after March 31, 1951, and before April 1, 1954, an amount equal to 27 per centum of the lesser of (i) the amount of dividends paid during the taxable year on its preferred stock or (ii) the adjusted net income for such taxable year minus the credit for dividends received provided in subsection (b) for such year, and (C) for a taxable year beginning after March 31, 1954, an amount equal to 30 percentum of the lower of (i) the amount of dividends paid during the taxable year on its preferred stock or (ii) the adjusted net income for such taxable year minus the credit for dividends received provided in subsection (b) for such year'.

"(c) Western Hemisphere trade corporations: Section 26 (i) (relating to credit of a western hemisphere trade corporation) is hereby amended to read as follows:

"'(i) Western Hemisphere trade corporations: In the case of a western hemisphere trade corporation (as defined in section 109)—

"'(1) Calender year 1951: In the case of a taxable year beginning on January 1, 1951, and ending on December 31, 1951, an amount equal to 28 per centum of its normal-tax net income computed without regard to the credit provided in this subsection.

"'(2) Taxable years beginning after March 31, 1951, and before April 1, 1954: In the case of a taxable year beginning after March 31, 1951, and before April 1, 1954, an amount equal to 27 per centum of its normal-tax net income computed without regard to the credit provided in this subsection.

"'(3) Taxable years beginning after March 31, 1954: In the case of a taxable year beginning after March 31, 1954, an amount equal to 30 per centum of its normal-tax net income computed without regard to the credit provided in this subsection.'"

And the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with the following amendments:

On page 27 of the Senate engrossed amendments strike out lines 1 to 5, inclusive, and insert in lieu thereof the following:

"'(3) that portion of a tentative tax consisting of—

"'(A) a tentative normal tax of 30 per centum of the normal-tax net income, plus

"'(B) a tentative surtax of 20 per centum of the surtax net income in excess of $25,000'"

On page 31 of the Senate engrossed amendments strike out subsection (k) and insert in lieu thereof the following:

"'(k) Taxable years of corporations beginning before April 1, 1954, and ending after March 31, 1954: In the case of a taxable year of a corporation beginning before April 1, 1954, and ending after March 31, 1954, the tax imposed by sections 13 and 15, or section 421 (a) (1), shall be an amount equal to the sum of—

"'(1) that portion of a tentative tax, computed under the provisions of sections 13 and 15, or section 421 (a) (1), applicable to years beginning on January 1, 1953, which the number of days in such taxable year prior to April 1, 1954, bears to the total number of days in such taxable year, plus

"'(2) that portion of a tentative tax, computed under the provisions of sections 13 and 15, or section 421 (a) (1), applicable to years beginning on April 1, 1954, as if such provisions were applicable to such taxable year, which the number of days in such taxable year after March 31, 1954, bears to the total number of days in such taxable year.'"

And the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with the following amendments:

Strike out the surtax table beginning on page 39 of the Senate engrossed amendments and insert the following:

"'If the surtax net income is: The surtax shall be:

Not over $2,000	19.3% of the surtax net income.
Over $2,000 but not over $4,000.	$386, plus 20.4% of excess over $2,000.
Over $4,000 but not over $6,000.	$794, plus 24% of excess over $4,000.
Over $6,000 but not over $8,000.	$1,274, plus 26% of excess over $6,000.
Over $8,000 but not over $10,000.	$1,794, plus 31% of excess over $8,000.
Over $10,000 but not over $12,000.	$2,414, plus 32% of excess over $10,000.
Over $12,000 but not over $14,000.	$3,054, plus 38% of excess over $12,000.
Over $14,000 but not over $16,000.	$3,814, plus 41% of excess over $14,000.
Over $16,000 but not over $18,000.	$4,634, plus 44% of excess over $16,000.
Over $18,000 but not over $20,000.	$5,514, plus 45% of excess over $18,000.
Over $20,000 but not over $22,000.	$6,414, plus 49% of excess over $20,000.
Over $22,000 but not over $24,000.	$7,394, plus 51% of excess over $22,000.
Over $24,000 but not over $28,000.	$8,414, plus 54% of excess over $24,000.
Over $28,000 but not over $32,000.	$10,574, plus 57% of excess over $28,000.
Over $32,000 but not over $38,000.	$12,854, plus 60% of excess over $32,000.
Over $38,000 but not over $44,000.	$16,454, plus 63% of excess over $38,000.
Over $44,000 but not over $50,000.	$20,234, plus 68% of excess over $44,000.
Over $50,000 but not over $60,000.	$24,314, plus 69% of excess over $50,000.
Over $60,000 but not over $70,000.	$31,214, plus 70% of excess over $60,000.
Over $70,000 but not over $80,000.	$38,214, plus 74% of excess over $70,000.
Over $80,000 but not over $90,000.	$45,614, plus 76% of excess over $80,000.
Over $90,000 but not over $100,000.	$53,214, plus 78% of excess over $90,000.
Over $100,000 but not over $150,000.	$61,014, plus 82% of excess over $100,000.
Over $150,000 but not over $200,000.	$102,014, plus 85% of excess over $150,000.
Over $200,000 but not over $300,000.	$144,514, plus 88% of excess over $200,000.
Over $300,000	$232,514, plus 89% of excess over $300,000."

Strike out the surtax table beginning on page 41 of the Senate engrossed amendments and insert the following:

"'If the surtax net income is: The surtax shall be:

Not over $2,000	17% of the surtax net income.
Over $2,000 but not over $4,000.	$340, plus 18% of excess over $2,000.
Over $4,000 but not over $6,000,	$700, plus 21% of excess over $4,000.
Over $6,000 but not over $8,000.	$1,120, plus 23% of excess over $6,000.
Over $8,000 but not over $10,000.	$1,580, plus 27% of excess over $8,000.
Over $10,000 but not over $12,000.	$2,120, plus 29% of excess over $10,000.
Over $12,000 but not over $14,000.	$2,700, plus 33% of excess over $12,000.
Over $14,000 but not over $16,000.	$3,360, plus 36% of excess over $14,000.
Over $16,000 but not over $18,000.	$4,080, plus 39% of excess over $16,000.
Over $18,000 but not over $20,000.	$4,860, plus 40% of excess over $18,000.
Over $20,000 but not over $22,000.	$5,660, plus 44% of excess over $20,000.
Over $22,000 but not over $24,000.	$6,540, plus 46% of excess over $22,000.
Over $24,000 but not over $28,000.	$7,460, plus 49% of excess over $24,000.
Over $28,000 but not over $32,000.	$9,420, plus 51% of excess over $28,000.
Over $32,000 but not over $38,000.	$11,460, plus 55% of excess over $32,000.
Over $38,000 but not over $44,000.	$14,760, plus 59% of excess over $38,000.
Over $44,000 but not over $50,000.	$18,300, plus 63% of excess over $44,000.
Over $50,000 but not over $60,000.	$22,080, plus 65% of excess over $50,000.
Over $60,000 but not over $70,000.	$28,580, plus 68% of excess over $60,000.
Over $70,000 but not over $80,000.	$35,380, plus 71% of excess over $70,000.
Over $80,000 but not over $90,000.	$42,480, plus 73% of excess over $80,000.
Over $90,000 but not over $100,000.	$49,780, plus 77% of excess over $90,000.
Over $100,000 but not over $150,000.	$57,480, plus 80% of excess over $100,000.
Over $150,000 but not over $200,000.	$97,480, plus 84% of excess over $150,000.
Over $200,000 but not over $300,000.	$139,480, plus 87% of excess over $200,000.
Over $300,000	$226,480, plus 88% of excess over $300,000."

And the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 311. Credit for dividends received.

"(a) Dividends from foreign corporation engaged in trade or business in the United States: Section 26 (b) (relating to dividends received credit) is hereby amended by in-

serting after paragraph (2) the following new paragraph:

"'(3) Dividends received from certain foreign corporations: In the case of dividends received from a foreign corporation (other than a foreign personal holding company) which is subject to taxation under this chapter, if, for an uninterrupted period of not less than 36 months ending with the close of such foreign corporation's taxable year in which such dividends are paid (or, if the corporation has not been in existence for 36 months at the close of such taxable year, for the period the foreign corporation has been in existence as of the close of such taxable year) such foreign corporation has been engaged in trade or business within the United States and has derived 50 per centum or more of its gross income from sources within the United States—

"'(A) an amount equal to 85 per centum of the dividends received out of its earnings or profits specified in clause (2) of the first sentence of section 115 (a), but such amount shall not exceed an amount which bears the same ratio to 85 per centum of such dividends received out of such earnings or profits as the gross income of such foreign corporation for the taxable year from sources within the United States bears to its gross income from all sources for such taxable year, and

"'(B) an amount equal to 85 per centum of the dividends received out of that part of its earnings or profits specified in clause (1) of the first sentence of section 115 (a) accumulated after the beginning of such uninterrupted period, but such amount shall not exceed an amount which bears the same ratio to 85 per centum of such dividends received out of such accumulated earnings or profits as the gross income of such foreign corporation from sources within the United States for the portion of such uninterrupted period ending at the beginning of such taxable year bears to its gross income from all sources for such portion of such uninterrupted period.

For determination of earnings or profits distributed in any taxable year, see section 115 (b).'

"(b) Technical amendment: Section 119 (a) (2) (B) (relating to rules as to source of income in the case of dividends) is hereby amended by inserting before the semicolon at the end thereof the following: 'to the extent exceeding the amount which is 100/85ths of the amount of the credit allowable under section 26 (b) in respect of such dividends'.

"(c) Effective date: The amendments made by this section shall be applicable only with respect to taxable years beginning after December 31, 1950."

And the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 313. Mutual savings banks, building and loan associations, cooperative banks.

"(a) Mutual savings banks: Section 101 (2) (relating to exemption from tax of mutual savings banks) is hereby repealed.

"(b) Building and loan associations and cooperative banks: Section 101 (4) (relating to exemption from tax of building and loan associations and cooperative banks) is hereby amended to read as follows:

"'(4) Credit unions without capital stock organized and operated for mutual purposes and without profit; and corporations or associations without capital stock organized prior to September 1, 1951, and operated for mutual purposes and without profit for the purpose of providing reserve funds for, and insurance of, shares or deposits in—

"'(A) domestic building and loan associations,

"'(B) cooperative banks without capital stock organized and operated for mutual purposes and without profit, or

"'(C) mutual savings banks not having capital stock represented by shares;'.

"(c) Exemptions from excess profits tax: Section 454 (corporations exempt from the excess profits tax) is hereby amended by adding at the end thereof the following:

"'(h) Any mutual savings bank not having capital stock represented by shares, any domestic building and loan association (as defined in section 3797 (a) (19)), and any cooperative bank without capital stock organized and operated for mutual purposes and without profit.'

"(d) Federal savings and loan associations: Section 5 (h) of the Home Owners' Loan Act of 1933, as amended (12 U. S. C. 1464 (h)), is hereby amended by striking out 'date)' and inserting in lieu thereof the following: 'date, and except, in the case of taxable years beginning after December 31, 1951, income, war-profits, and excess-profits taxes)'.

"(e) Bad debt reserves: Section 23 (k) (1) (relating to deduction from gross income of bad debts) is hereby amended by adding at the end thereof the following: 'In the case of a mutual savings bank not having capital stock represented by shares, a domestic building and loan association, and a cooperative bank without capital stock organized and operated for mutual purposes and without profit, the reasonable addition to a reserve for bad debts shall be determined with due regard to the amount of the taxpayer's surplus or bad debt reserves existing at the close of December 31, 1951. In the case of a taxpayer described in the preceding sentence, the reasonable addition to a reserve for bad debts for any taxable year shall in no case be less than the amount determined by the taxpayer, as the reasonable addition for such year; except that the amount determined by the taxpayer under this sentence shall not be greater than the lesser of (A) the amount of its net income for the taxable year, computed without regard to this subsection, or (B) the amount by which 12 per centum of the total deposits or withdrawable accounts of its depositors at the close of such year exceeds the sum of its surplus, undivided profits, and reserves at the beginning of the taxable year.'

"(f) Dividends paid to depositors: Section 23 (r) (relating to the deduction from gross income of certain dividends paid by banking corporations) is hereby amended to read as follows:

"'Dividends paid by banking corporations:

"'(1) In the case of mutual savings banks, cooperative banks, and domestic building and loan associations, amounts paid to, or credited to the accounts of, depositors or holders of accounts as dividends on their deposits or withdrawable accounts, if such amounts paid or credited are withdrawable on demand subject only to customary notice of intention to withdraw.

"'(2) For deduction of dividends paid by certain other banking corporations, see section 121.'

"(g) Deduction for repayment of certain loans: Section 23 (relating to deductions from gross income) is hereby amended by adding at the end thereof the following:

"'(dd) Repayment by mutual savings banks, etc., of certain loans: In the case of a mutual savings bank not having capital stock represented by shares, a domestic building and loan association, or a cooperative bank without capital stock organized and operated for mutual purposes and without profit, amounts paid by the taxpayer during the taxable year in repayment of loans made prior to September 1, 1951, by (1) the United States or any agency or instrumentality thereof which is wholly owned by the United States, or (2) any mutual fund established under the authority of the laws of any State.'

"(h) Definition of bank: Section 104 (a) (relating to definition of bank) is hereby amended by inserting at the end thereof the following: 'Such term also means a domestic building and loan association.'

"(i) Definition of domestic building and loan association: Section 3797 (a) (relating to definitions for the purposes of the Internal Revenue Code) is hereby amended by adding at the end thereof the following new paragraph:

"'(19) Domestic building and loan association: "The term domestic building and loan association" means a domestic building and loan association, a domestic savings and loan association, and a Federal savings and loan association, substantially all the business of which is confined to making loans to members.'

"(j) Effective Date: The amendments made by this section shall be applicable only with respect to taxable years beginning after December 31, 1951."

And the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with the following amendments:

On page 67, line 8, of the Senate engrossed amendments, insert after the period the following: "Allocations made after the close of the taxable year and on or before the fifteenth day of the ninth month following the close of such year shall be considered as made on the last day of such taxable year to the extent the allocations are attributable to income derived before the close of such year."

On page 67, line 10, of the Senate engrossed amendments, insert after "patronage" the following: "in the same or preceding years".

On page 69 of the Senate engrossed amendments strike out line 1 and all that follows through line 9.

On page 69, line 10, of the Senate engrossed amendments, strike out "(e)" and insert "(d)".

And the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"'(i) in the case of sand, gravel, slate, stone (including pumice and scoria), brick and tile clay, shale, oyster shell, clam shell, granite, marble, sodium chloride, and, if from brine wells, calcium chloride, magnesium chloride, and bromine, 5 per centum,

"'(ii) in the case of coal, asbestos, brucite, dolomite, magnesite, perlite, wollastonite, calcium carbonates, and magnesium carbonates, 10 per centum,

"'(iii) in the case of metal mines, aplite, bauxite, fluorspar, flake graphite, vermiculite, beryl, garnet, feldspar, mica, talc (including pyrophyllite), lepidolite, spodumene, barite, ball clay, sagger clay, china clay, phosphate rock, rock asphalt, trona, bentonite, gilsonite, thenardite, borax, fuller's earth, tripoli, refractory and fire clay, quartzite, diatomaceous earth, metallurgical grade limestone, chemical grade limestone, and potash, 15 per centum, and' ".

And the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows:

On page 74 of the Senate engrossed amendments strike out lines 12 and 13 and insert the following: "taxes) is hereby amended by striking out '50 per centum of the value of the net estate' and inserting in lieu thereof '35 per centum of the value of the gross estate'."; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: On page 74, line 21, of the Senate engrossed amendments strike out "Exclusive" and insert "Exclusion"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: On page 79 of the Senate engrossed amendments strike out all after "poultry" in line 14 to and including "acquisition" in line 17; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: On page 80, lines 7 and 8, of the Senate engrossed amendments, strike out the following: "in the cutting of such timber or"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

"SEC. 328. Treatment of gain on sales of certain property between spouses and between an individual and a controlled corporation.

"(a) Disallowance of capital gain treatment: Section 117 (relating to capital gains and losses) is hereby amended by adding at the end thereof the following new subsection:

"'(o) Gain from sale of certain property between spouses or between an individual and a controlled corporation:

"'(1) Treatment of gain as ordinary income: In the case of a sale or exchange, directly or indirectly, of property described in paragraph (2)—

"'(A) between a husband and wife; or

"'(B) between an individual and a corporation more than 80 per centum in value of the outstanding stock of which is owned by such individual, his spouse, and his minor children and minor grandchildren;

any gain recognized to the transferor from the sale or exchange of such property shall be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in subsection (j).

"'(2) Subsection applicable only to sales or exchanges of depreciable property:

This subsection shall apply only in the case of a sale or exchange of property by a transferor which in the hands of the transferee is property of a character which is subject to the allowance for depreciation provided in section 23 (l).'

"(b) Effective date: The amendment made by subsection (a) shall be applicable with respect to taxable years ending after April 30, 1951, but shall apply only with respect to sales or exchanges made after May 3, 1951."

And the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with the following amendments:

On page 83, line 4, of the Senate engrossed amendments, strike out "328" and insert "329".

On page 83, line 10, of the Senate engrossed amendments, strike out "(o)" and insert "(p)".

And the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 330. Net operating loss carry-over.

"(a) Loss for taxable year beginning before 1948: Section 122 (b) (2) (A) (relating to the amount of carry-overs) is hereby amended by striking out '1950', wherever it appears therein, and inserting in lieu thereof '1948'.

"(b) Allowance of three-year loss carry-over from taxable years 1948–1949: Section 122 (b) (2) (relating to the amount of carry-over) is hereby amended by adding after subparagraph (B) the following new subparagraph:

"'(C) Loss for taxable year beginning after December 31, 1947, and before January 1, 1950: If for any taxable year beginning after December 31, 1947, and before January 1, 1950, the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-over for each of the three succeeding taxable years, except that the carry-over in the case of each such succeeding taxable year (other than the first succeeding taxable year) shall be the excess, if any, of the amount of such net operating loss over the sum of the net income for each of the intervening years computed—

"'(i) with the exceptions, additions, and limitations provided in subsection (d) (1), (2), (4), and (6), and

"'(ii) by determining the net operating loss deduction for each intervening taxable year without regard to such net operating loss or to the net operating loss for any succeeding taxable year and without regard to any reduction specified in subsection (c).

For the purpose of the preceding sentence, the net operating loss for any taxable year beginning after December 31, 1947, and before January 1, 1950, shall be reduced by the sum of the net income for each of the two preceding taxable years computed—

"'(iii) with the exceptions, additions, and limitations provided in subsection (d) (1), (2), (4), and (6), and

"'(iv) by determining the net operating loss deduction without regard to such net operating loss or to the net operating loss for the succeeding taxable year, and without regard to any reduction specified in subsection (c).'

"(c) Effective date: The amendments made by this section shall be applicable in computing the net operating loss deduction for taxable years beginning after December 31, 1948."

And the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows: On page 87, line 17, of the Senate engrossed amendments, strike out "330" and insert "331"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with the following amendments:

On page 88, line 7, of the Senate engrossed amendments, strike out "331" and insert "332".

On page 88, line 21, of the Senate engrossed amendments, strike out "a majority" and insert the following: "50 per centum or more".

And the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment as follows: On page 89, line 5, of the Senate engrossed amendments, strike out "332" and insert "333"; and the Senate agree to the same.

Amendment numbered 83: That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment as follows: On page 89, line 19, of the Senate engrossed amendments, strike out "333" and insert "334"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with the following amendments:

On page 90, line 22, of the Senate engrossed amendments, strike out "334" and insert "335".

On page 91 of the Senate engrossed amendments strike out line 14 and insert the following: "coupons or in registered form, and the term 'securities of the employer' corporation includes securities of a parent or subsidiary corporation (as defined in section 130A (d) (2) and (3)) of the employer corporation,"; and the Senate agree to the same.

Amendment numbered 85: That the House recede from its disagreement to the amendment of the Senate numbered 85, and agree to the same with an amendment as follows: On page 91, line 20, of the Senate engrossed amendments, strike out "335" and insert "336"; and the Senate agree to the same.

Amendment numbered 86: That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "337"; and the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment as follows: On page 97, line 4, of the Senate engrossed amendments, strike out "337" and insert "338"; and the Senate agree to the same.

Amendment numbered 89: That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows: On page 98, line 4, of the Senate engrossed amendments, strike out "338" and insert "339"; and the Senate agree to the same.

Amendment numbered 90: That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "340"; and the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Effective date: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1950. The determination as to whether a person shall be recognized as a partner for income tax purposes for any taxable year beginning before January 1, 1951, shall be made as if this section had not been enacted and without inferences drawn from the fact that this section is not expressly made applicable with respect to taxable years beginning before January 1, 1951. In applying this subsection where the taxable year of any family partner is different from the taxable year of the partnership—

"(1) if a taxable year of the partnership beginning in 1950 ends within or with, as to all of the family partners, taxable years which begin in 1951. then the amendments

made by this section shall be applicable with respect to all distributive shares of income derived by the family partners from such taxable year of the partnership beginning in 1950, and

"(2) if a taxable year of the partnership ending in 1951 ends within or with a taxable year of any family partner which began in 1950, then the amendments made by this section shall not be applicable with respect to any of the distributive shares of income derived by the family partners from such taxable year of the partnership."

And the Senate agree to the same.

Amendment numbered 92: That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with the following amendments:

On page 103, line 5, of the Senate engrossed amendments, strike out "340" and insert "341.'

On page 106 of the Senate engrossed amendments, strike out all after line 3 over to and including line 23 on page 110 and insert:

"'(3) Tax adjustment measured by prior benefits: If the provisions of this paragraph are applicable to the taxable year pursuant to an election made by the taxpayer under the provisions of paragraph (5)—

"'(A) Amount of recovery: The amount of the recovery in the taxable year of any money or property in respect of property considered under subsection (a) as destroyed or seized in any prior taxable year shall be an amount equal to the aggregate of such money and the fair market value of such property, determined as of the date of the recovery. For the purpose of this paragraph, in the case of the recovery of the same property or interest considered under subsection (a) as destroyed or seized, the fair market value of such property or interest shall, at the option of the taxpayer, be considered an amount equal to the adjusted basis (for determining loss) of such property or interest in the hands of the taxpayer on the date such property or interest was considered under subsection (a) as destroyed or seized. The amount of the recovery determined under this subparagraph shall be reduced for the purposes of subparagraphs (B) and (C) by the amount of the obligations or liabilities with respect to the property considered under subsection (a) as destroyed or seized in respect of which the recovery was received, if the taxpayer for any previous taxable year chose under subsection (b) (2) to treat such obligations or liabilities as discharged or satisfied out of such property, and such obligations or liabilities were not so discharged or satisfied prior to the date of the recovery.

"'(B) Adjustment for prior tax benefits: That part of the amount of the recovery, in respect of any property considered under subsection (a) as destroyed or seized, which is not in excess of the allowable deductions in prior taxable years on account of such destruction or seizure of the property (the amount of such allowable deductions being first reduced by the aggregate amount of any prior recoveries in respect of the same property) shall be excluded from gross income for the taxable year of the recovery for the purpose of computing the tax under this chapter and chapter 2; but there shall be added to, and assessed and collected as a part of, the tax under this chapter for the taxable year of the recovery the total increase in the tax under this chapter and chapter 2 for all taxable years which would result by decreasing, in an amount equal to such part of the recovery so excluded, such deductions allowable in the prior taxable years with respect to the destruction or seizure of the property. Such increase in the tax for each such year so resulting shall be computed in accordance with regulations prescribed by the Secretary. Such regulations shall give effect to previous recoveries of any kind (including recoveries described in section 22 (b) (12)) with respect to any prior year, and shall provide for the case where there was no tax for the prior year, but shall otherwise treat the tax previously determined for any year in accordance with the principles set forth in section 3801 (d). All credits allowable against the tax for any year and all carryovers and carry-backs affected by so decreasing the allowable deductions shall be taken into account in computing the increase in the tax, except that the computation of the excess profits credit under chapter 2 E for any taxable year shall not be affected.

"'(C) Gain upon recovery: The amount of any recovery or part thereof, in respect of property considered under subsection (a) as destroyed or seized, which is not excluded from gross income under the provisions of subparagraph (B) shall be considered for the taxable year of the recovery as gain on the involuntary conversion of property as a result of its destruction or seizure and shall be recognized or not recognized as provided in section 112 (f).

"'(D) Recoveries treated as gross income for certain purposes: For the purposes of sections 51, 52, and 3801 (b) the recovery in the taxable year of any money or property in respect of property considered under subsection (a) as destroyed or seized in any prior taxable year shall be deemed to be an item includible in gross income for the taxable year in which the recovery is made.

"'(4) Restoration of value of investments referable to destroyed or seized property: For the purpose of this subsection the restoration in whole or in part of the value of any interest described in subsection (a) (3) by reason of any recovery of money or property in respect of property to which such interest related and which was considered under subsection (a) (1) or (2) as destroyed or seized shall be deemed a recovery of property in respect of property considered under subsection (a) as destroyed or seized. In applying paragraph (3) of this subsection such restoration shall be treated as the recovery of the same interest considered under subsection (a) as destroyed or seized.

"'(5) Election by taxpayer for application of paragraph (3): If the taxpayer elects to have the provisions of paragraph (3) applicable to any taxable year in which he recovered any money or property in respect of property considered under subsection (a) as destroyed or seized, the provisions of paragraph (3) shall be applicable to all taxable years of the taxpayer beginning after December 31, 1941, and such election, once made, shall be irrevocable. The election shall be made in such manner and at such time as the Secretary may by regulations prescribe, except that no election under this paragraph may be made after December 31, 1952, unless the taxpayer recovers money or property (in respect of property considered under subsection (a) as destroyed or seized) during a taxable year ending after the date of the enactment of the Revenue Act of 1951. If pursuant to such election the provisions of paragraph (3) are applicable to any taxable year—

"'(A) the period of limitations provided in sections 275 and 276 on the making of assessments and the beginning of distraint or a proceeding in court for collection shall not, with respect to—

"'(i) the amount to be added to the tax for such taxable year under the provisions of paragraph (3), and

"(ii) any deficiency for such taxable year or for any other taxable year, to the extent attributable to the basis of the recovered property being determined under the provisions of subsection (d) (2),

expire prior to the expiration of two years following the date of the making of such election, and such amount and such deficiency may be assessed at any time prior to the expiration of such period notwithstanding any law or rule of law which would otherwise prevent such assessment and collection, and

"'(B) in case refund or credit of any overpayment resulting from the application of the provisions of paragraph (3) to such taxable year is prevented on the date of the making of such election, or within one year from such date, by the operation of any law or rule of law (other than section 3761, relating to compromises), refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed within one year from such date.

In the case of any taxable year ending before the date of the making by the taxpayer of an election under this paragraph, no interest shall be paid on any overpayment resulting from the application of the provisions of paragraph (3) to such taxable year, and no interest shall be assessed or collected with respect to any amount or any deficiency specified in clause (A), for any period prior to the expiration of six months following the date of the making of such election by the taxpayer.'"

On page 112 of the Senate engrossed amendments strike out line 6 and all that follows through line 17 and insert:

"'(2) Property recovered in taxable year to which subsection (c) (3) is applicable: In the case of a taxpayer who has made an election under the provisions of subsection (c) (5), the basis of property recovered shall be an amount equal to the value at which such property is included in the amount of the recovery under subsection (c) (3) (A) (determined without regard to the last sentence thereof), reduced by such part of the gain under subsection (c) (3) (C) which is not recognized as provided in section 112 (f).'"

On page 113, line 2, of the Senate engrossed amendments, strike out "1940" and insert "1941"; and the Senate agree to the same.

Amendment numbered 93: That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment as follows: On page 113, line 4, of the Senate engrossed amendments, strike out "341" and insert "342"; and the Senate agree to the same.

Amendment numbered 96: That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 344. Nonbusiness casualty losses.

"(a) Removal of limitation: Section 122 (d) (5) (relating to net operating loss deduction) is hereby amended by inserting at the end thereof the following new sentence: 'This paragraph shall not apply with respect to deductions allowable for losses sustained after December 31, 1950, in respect of property, if the losses arise from fire, storm, shipwreck, or other casualty, or from theft.'"

(b) Effective date: The amendment made by this section shall be applicable in computing the net operating loss deduction for taxable years ending after December 31, 1948.

And the Senate agree to the same.

Amendment numbered 97: That the House recede from its disagreement to the amendment of the Senate numbered 97, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 345. Abatement of tax on certain trusts for members of Armed Forces dying in service.

"In the case of a trust which accumulated income for a beneficiary who died on or after December 7, 1941, and before January 1, 1948, while in active service as a member of the military or naval forces of the United States

or of any of the other United Nations, there shall be allowed as a deduction in computing the net income of such trust (in addition to other deductions allowable under sections 23 and 162 of the Internal Revenue Code) income of the trust for any taxable year (before diminution for income tax) which was accumulated for such beneficiary if—

"(1) the income accumulated was for a taxable year of the trust which ended with or within a taxable year (ending on or after December 7, 1941) of such beneficiary during any part of which he was a member of such military or naval forces, or, in the case of the taxable year of the trust during which such beneficiary died, the income accumulated was for the period in such taxable year prior to the death of such beneficiary; and

"(2) the amount of such accumulated income was, without regard to this section, taxable to the trust, and

"(3) the income for such taxable year accumulated for the beneficiary, if not distributed to him prior to his death, was payable by the trust at or after his death only to his estate, spouse, or lineal ancestors or descendants."

And the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 346. Life insurance departments of mutual savings banks.

"(a) Computation of tax: Supplement A of chapter 1 is hereby amended by adding at the end thereof the following new section:

"'SEC. 110. Mutual savings banks conducting life insurance business.

"'(a) Alternative tax: In the case of a mutual savings bank not having capital stock represented by shares, authorized under State law to engage in the business of issuing life insurance contracts, and which conducts a life insurance business in a separate department the accounts of which are maintained separately from the other accounts of the mutual savings bank, there shall be levied, collected, and paid, in lieu of the taxes imposed by sections 13 and 15, or section 117 (c) (1), a tax consisting of the sum of the partial taxes determined under paragraphs (1) and (2):

"'(1) A partial tax computed upon the net income determined without regard to any items of gross income or deductions properly allocable to the business of the life insurance department, at the rates and in the manner as if this section has not been enacted; and

"'(2) a partial tax computed upon the net income (as defined in section 201 (c) (7)) of the life insurance department determined without regard to any items of gross income or deductions not properly allocable to such department, at the rates and in the manner provided in Supplement G with respect to life insurance companies.

"'(b) Limitations of section: The provisions of subsection (a) shall be applicable only if the life insurance department would, if it were treated as a separate corporation, qualify as a life insurance company under section 201 (b).'

"(b) Technical amendment: Section 13 (relating to normal tax on corporations) is hereby amended by adding at the end thereof the following new subsection:

"'(f) Mutual savings banks conducting life insurance business: For special tax, in lieu of the taxes imposed by this section and section 15, in the case of a mutual savings bank conducting a life insurance business, see section 110.'

"(c) Effective date: The amendments made by this section shall be applicable only with respect to taxable years beginning after December 31, 1951."

And the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with the following amendments:

On page 120, line 17, of the Senate engrossed amendments, strike out "348" and insert "347."

On page 120, line 23, of the Senate engrossed amendments, strike out "the taxable year" and insert "a taxable year beginning before January 1, 1953".

And the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 348. Deduction with respect to certain unrelated business net income.

"(a) Unrelated business net income: Section 422 (a) (relating to unrelated business net income) is hereby amended by adding at the end thereof the following: 'In the case of an organization described in section 3813 (a) (2) which is a member of a partnership all of whose members are organizations described in section 3813 (a) (2), if a trade or business regularly carried on by such partnership is an unrelated trade or business with respect to such organization, such organization shall, for taxable years beginning before January 1, 1954, be allowed a deduction in an amount equal to the portion of the gross income of such partnership from such unrelated trade or business which such organization is required (by a provision of a written contract executed by such organization prior to January 1, 1950, which provision expressly deals with the disposition of the gross income of the partnership) to pay within the taxable year in discharge of indebtedness incurred by such organization in acquiring its share of such trade or business, or to irrevocably set aside within the taxable year for the discharge of such indebtedness (to the extent that such amount has been so paid or set aside) if (i) such partnership was formed prior to January 1, 1950, for the purpose of carrying on such trade or business, and (ii) substantially all the assets used in carrying on such trade or business were acquired by it or by its members prior to such date. As used in the preceding sentence, the word "indebtedness" does not include indebtedness incurred after January 1, 1950.'

"(b) Effective date: The amendment made by this section shall be applicable with respect to taxable years beginning after December 31, 1950, and prior to January 1, 1954."

And the Senate agree to the same.

Amendment numbered 102: That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment as follows: On page 122, line 8, of the Senate engrossed amendments, strike out "350" and insert "349"; and the Senate agree to the same.

Amendment numbered 104: That the House recede from its disagreement to the amendment of the Senate numbered 104, and agree to the same with the following amendments:

On page 124, line 11, of the Senate engrossed "amendments", strike out "contributions—" and insert the following: "contributions;".

On page 124 of the Senate engrossed amendments, after line 11, insert the following:

"'(v) an organization organized (prior to October 1, 1951) which is exempt under section 101 (6) and which is operated for the purpose of conducting an annual chautauqua program of educational, cultural, and religious activities at a permanent location—'".

And the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows: On page 126 of the Senate engrossed amendments strike out "January" in lines 18 and 19 and insert "April"; and the Senate agree to the same.

Amendment numbered 110: That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with the following amendments:

On page 127 of the Senate engrossed amendments strike out "January" in lines 8, 16, 22, and 23 and insert "April".

On page 127, line 18, of the Senate engrossed amendments strike out "April" and insert "July".

On page 128 of the Senate engrossed amendments strike out "January" in lines 6 and 9 and insert "April".

And the Senate agree to the same.

Amendment numbered 111: That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 423. Reduction of tax on tobacco and snuff.

"(a) Reduction in rate: Section 2000 (a) (relating to tax on tobacco and snuff) is hereby amended by striking out '18 cents per pound', wherever it appears therein, and inserting in lieu thereof 10 cents per pound'.

"(b) Effective date: The amendment made by subsection (a) shall take effect on the first day of the first month which begins more than ten days after the date of the enactment of this Act."

And the Senate agree to the same.

Amendment numbered 118: That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment and on page 111 of the House engrossed bill, after line 16, insert: "On and after April 1, 1954, the tax imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon."; and the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows: On page 130, line 18, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows: On page 131, line 1, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows: On page 131, line 8, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: On page 131, line 11, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same

Amendment numbered 129: That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment as follows: On page 131, line 14, of the Senate engrosed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 131: That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment as follows: On page 132 of the Senate engrossed amendments strike out "January" in lines 1 and 8 and insert "April"; and the Senate agree to the same.

Amendment numbered 137: That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment as follows: On page 132, line 17, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 141: That the House recede from its disagreement to the amendment of the Senate numbered 141, and agree to the same with the following amendments:

On page 133, line 3, of the Senate engrossed amendments, strike out "444" and insert "454".

On page 132 of the Senate engrossed amendments strike out "January" in lines 11 and 18 and insert "April".

On page 133, line 20, of the Senate engrossed amendments strike out "February" and insert "May".

On page 134, line 2, of the Senate engrossed amendments, strike out "January" and insert "April".

And the Senate agree to the same.

Amendment numbered 142: That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "455"; and the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "456"; and the Senate agree to the same.

Amendment numbered 151: That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with the following amendments:

On page 135, of the Senate engrossed amendments, strike out "452" in lines 8 and 13 and insert "462".

On page 135, line 16, of the Senate engrossed amendments, strike out "December 31, 1953" and insert "March 31, 1954".

And the Senate agree to the same.

Amendment numbered 154: That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "464"; and the Senate agree to the same.

Amendment numbered 156: That the House recede from its disagreement to the amendment of the Senate numbered 156, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "461 and 463"; and the Senate agree to the same.

Amendment numbered 163: That the House recede from its disagreement to the amendment of the Senate numbered 163, and agree to the same with the following amendments:

On page 136, line 18, of the Senate engrossed amendments, strike out "461" and insert "471".

On page 137, line 5, of the Senate engrossed amendments, strike out "461" and insert "471".

And the Senate agree to the same.

Amendment numbered 166: That the House recede from its disagreement to the amendment of the Senate numbered 166, and agree to the same with an amendment as follows: On page 137, line 13, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 167: That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with an amendment as follows: On page 137, line 23, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 168: That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment as follows: On page 138, line 5, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 172: That the House recede from its disagreement to the amendment of the Senate numbered 172, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "490"; and the Senate agree to the same.

Amendment numbered 173: That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with the following amendments:

On page 138, line 19, of the Senate engrossed amendments, strike out "473" and insert "483".

On page 139, line 7, of the Senate engrossed amendments, strike out "producer or" and insert "producer of".

And the Senate agree to the same.

Amendment numbered 174: That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with the following amendments:

On page 139, line 19, of the Senate engrossed amendments, strike out "474" and insert "484".

On page 140 of the Senate engrossed amendments strike out lines 19, 20, and 21 and, in lieu thereof, insert the following: "15 per centum, except that on and after April 1, 1954, the rate shall be 10 per centum; fishing rods, creels, reels, and artificial lures, baits, and flies; 10 per centum.' ".

And the Senate agree to the same.

Amendment numbered 175: That the House recede from its disagreement to the amendment of the Senate numbered 175, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "485"; and the Senate agree to the same.

Amendment numbered 178: That the House recede from its disagreement to the amendment of the Senate numbered 178, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "by striking out 'Electric direct motor-driven fans and air circulators;' and inserting in lieu thereof 'Electric direct-motor-driven fans and air circulators (not of the industrial type); and the following appliances of the household type:', (2) "; and the Senate agree to the same.

Amendment numbered 179: That the House recede from its disagreement to the amendment of the Senate numbered 179, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(3)", and on page 139 of the House engrossed bill, in lines 3 and 4, strike out "and the following appliances of the household type:"; and the Senate agree to the same.

Amendment numbered 181: That the House recede from its disagreement to the amendment of the Senate numbered 181, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and omit the matter proposed to be inserted by the Senate amendment; and the Senate agree to the same.

Amendment numbered 184: That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, omit the matter proposed to be inserted by the Senate amendment, and on page 139, line 11, of the House engrossed bill, strike out "485" and insert "486"; and the Senate agree to the same.

Amendment numbered 185: That the House recede from its disagreement to the amendment of the Senate numbered 185, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "487"; and the Senate agree to the same.

Amendment numbered 188: That the House recede from its disagreement to the amendment of the Senate numbered 188, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "15"; and the Senate agree to the same.

Amendment numbered 191: That the House recede from its disagreement to the amendment of the Senate numbered 191, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "488"; and the Senate agree to the same.

Amendment numbered 193: That the House recede from its disagreement to the amendment of the Senate numbered 193, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "489"; and the Senate agree to the same.

Amendment numbered 194: That the House recede from its disagreement to the amendment of the Senate numbered 194, and agree to the same with an amendment as follows: On page 144, line 11, of the Senate engrossed amendments, strike out "January" and insert "April"; and the Senate agree to the same.

Amendment numbered 197: That the House recede from its disagreement to the amendment of the Senate numbered 197, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "489"; and the Senate agree to the same.

Amendment numbered 198: That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "a producer or importer of gasoline. The provisions of section 3443 shall be applicable to the floor stocks tax imposed by this subsection so as to entitle, subject to all the provisions of such section,

(1) any manufacturer or producer to a refund or credit of such tax under subsection (a) (1) of such section, and (2) any person paying such floor stocks tax to a refund or credit thereof where gasoline is by such person or any other person used or resold for any of the purposes specified in subparagraphs (A) (i), (ii), and (iii) of subsection (a) (3) of such section."

And the Senate agree to the same.

Amendment numbered 199: That the House recede from its disagreement to the amendment of the Senate numbered 199, and agree to the same with the following amendments:

On page 145 of the Senate engrossed amendments strike out "January" in lines 6, 12, and 13 and insert "April".

On page 145, line 16, of the Senate engrossed amendments, strike out "April" and insert "July".

On page 146, line 9, of the Senate engrossed amendments, strike out "January" and insert "April".

And the Senate agree to the same.

Amendment numbered 200: That the House recede from its disagreement to the amendment of the Senate numbered 200, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "490"; and the Senate agree to the same.

Amendment numbered 210: That the House recede from its disagreement to the amendment of the Senate numbered 210, and agree to the same with an amendment as follows: On page 147, line 10, of the Senate engrossed amendments, strike out "482" and insert "492"; and the Senate agree to the same.

Amendment numbered 211: That the House recede from its disagreement to the amendment of the Senate numbered 211, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "493"; and the Senate agree to the same.

Amendment numbered 213: That the House recede from its disagreement to the amendment of the Senate numbered 213, and agree to the same with an amendment as follows: On page 148, line 15, of the Senate engrossed amendments, strike out "484" and insert "494"; and the Senate agree to the same.

Amendment numbered 214: That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with the following amendments:

On page 149, line 15, of the Senate engrossed amendments, strike out "485" and insert "495".

On page 149 of the Senate engrossed amendments, after the quotation marks in line 24 insert the following: "The determination as to the applicability of the tax imposed by section 3475 in the case of the transportation of any excavated material, other than transportation to which the amendment made by this subsection applies, shall be made as if this subsection had not been enacted and without inferences drawn from the fact that the amendment made by this subsection is not expressly applicable to the transportation of such other excavated material.";

And the Senate agree to the same.

Amendment numbered 215: That the House recede from its disagreement to the amendment of the Senate numbered 215, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "496"; and the Senate agree to the same.

Amendment numbered 216: That the House recede from its disagreement to the amendment of the Senate numbered 216, and agree to the same with the following amendments:

On page 150, line 8, of the Senate engrossed amendments, strike out "487" and insert "497".

On page 150 of the Senate engrossed amendments strike out "January" in lines 15 and 22 and insert "April".

On page 151 of the Senate engrossed amendments strike out "January" in lines 10 and 18 and insert "April".

And the Senate agree to the same.

Amendment numbered 217: That the House recede from its disagreement to the amendment of the Senate numbered 217, and agree to the same with an amendment as follows: On page 151, line 22, of the Senate engrossed amendments, strike out "488" and insert "498"; and the Senate agree to the same.

Amendment numbered 219: That the House recede from its disagreement to the amendment of the Senate numbered 219, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 501. Maximum tax for new corporations.

"Section 430 (relating to imposition of tax) is hereby amended as follows:

"(1) By adding at the end of subsection (a) thereof, as amended by section 121 of this Act, the following:

"'(3) in the case of a corporation for which an amount is determined for the taxable year under subsection (e), the amount determined under such subsection.'

"(2) By redesignating subsection (e) as subsection (f); and

"(3) By inserting after subsection (d) the following new subsection:

"'(e) New corporations:

"'(1) Alternative amount: In the case of a taxpayer which commenced business after July 1, 1945, and whose fifth taxable year ends after June 30, 1950, the amount referred to in subsection (a) (3) shall be—

"'(A) If the taxable year is the first or second taxable year of the taxpayer, an amount equal to 5 per centum of the excess profits net income for the taxable year, except that if the excess profits net income exceeds $300,000, the amount shall be the sum of $15,000 plus the amount determined under subparagraph (E) of this paragraph.

"'(B) If the taxable year is the third taxable year of the taxpayer, an amount equal to 8 per centum of the excess profits net income for the taxable year, except that if the excess profits net income exceeds $300,000, the amount shall be the sum of $24,000 plus the amount determined under subparagraph (E) of this paragraph.

"'(C) If the taxable year is the fourth taxable year of the taxpayer, an amount equal to 11 per centum of the excess profits net income for the taxable year, except that if the excess profits net income exceeds $300,000, the amount shall be the sum of $33,000 plus the amount determined under subparagraph (E) of this paragraph.

"'(D) If the taxable year is the fifth taxable year of the taxpayer, an amount equal to 14 per centum of the excess profits net income for the taxable year, except that if the excess profits net income exceeds $300,000, the amount shall be the sum of $42,000 plus the amount determined under subparagraph (E) of this paragraph.

"'(E) The amount determined under this subparagraph shall be—

"'(i) if the taxable year ends before April 1, 1951, an amount equal to 15 per centum of the excess of the excess profits net income for the taxable year over $300,000.

"'(ii) if the taxable year begins on January 1, 1951, and ends on December 31, 1951, an amount equal to 17¼ per centum of the excess of the excess profits net income for the taxable year over $300,000.

"'(iii) if the taxable year (other than a taxable year described in clause (ii)) ends after March 31, 1951, an amount equal to 18 per centum of the excess of the excess profits net income for the taxable year over $300,000.

"'(2) First five taxable years: For the purpose of this subsection—

"'(A) The taxable year in which the taxpayer commenced business and the first, second, third, and fourth succeeding taxable years shall be considered its first, second, third, fourth, and fifth taxable years, respectively.

"'(B) The taxpayer shall be considered to have been in existence and to have had taxable years for any period during which it or any corporation described in any clause of this subparagraph was in existence, and the taxpayer shall be considered to have commenced business on the earliest date on which it or any such corporation commenced business:

"'(i) Any corporation which during or prior to the taxable year was a party with the taxpayer to a transaction described in section 445 (g) (2) (A), (B), or (C), determined as if the date "July 1, 1945" were substituted for the date "December 1, 1950" in section 445 (g) (2) (C).

"'(ii) Any corporation if a group of not more than four persons who control the taxpayer at any time during the taxable year also controlled such corporation at any time during the period beginning twelve months preceding their acquisition of control of the taxpayer and ending with the close of the taxable year; but only if at any time during such period (and while such persons controlled such corporation) such corporation was engaged in a trade or business substantially similar to the trade or business of the taxpayer during the taxable year. For the purpose of this clause, the term "control" means the ownership of more than 50 per centum of the total combined voting power of all classes of stock entitled to vote, or more than 50 per centum of the total value of shares of all classes of stock. A person shall not be considered a member of the group referred to in this clause unless during the period referred to in this clause he owns stock in such corporation at a time when the members of the group control such corporation and he owns stock in the taxpayer at a time when the members of the group control the taxpayer. For the purpose of this clause, the ownership of stock shall be determined in accordance with the provisions of section 503, except that constructive ownership under section 503 (a) (2) shall be determined only with respect to the individual's spouse and minor children.

"'(iii) In case the taxpayer during or prior to the taxable year was a purchasing corporation (as defined in part IV), the selling corporation (as defined in such part) whose properties were acquired in the part IV transaction; but this clause shall not apply unless for the taxable year or for any preceding taxable year the conditions of paragraphs (1), (2), and (3) of section 474 (c) were satisfied with respect to such transaction.

"'(iv) Any corporation which, under regulations prescribed by the Secretary, is determined by one or more additional applications of clauses (i) to (iii) to stand indirectly in the same relation to the taxpayer as though such corporation were described in any such clause.

If as of the beginning of December 1, 1950, the adjusted basis for determining gain upon sale or exchange of the aggregate assets theretofore acquired by the taxpayer in transactions described in clauses (i) and (iii) (or acquired in the ordinary course of business in replacement of such assets) and held by it at such time constituted less than 20 per centum of the adjusted basis for determining gain upon sale or exchange of its total assets held at such time, then transac-

tions described in such clauses occurring prior to such date shall be disregarded in determining the date as of which the taxpayer shall be considered to have commenced business.

"'(3) Limitation: The provisions of paragraph (1) of this subsection shall not apply to a taxpayer which derives more than 50 per centum of its gross income (determined without regard to dividends and without regard to gains from sales or exchanges of capital assets) for the taxable year from contracts and subcontracts to which the provisions of title I of the Renegotiation Act of 1951 (or the provisions of any prior renegotiation act) are applicable.'"

And the Senate agree to the same.

Amendment numbered 220: That the House recede from its disagreement to the amendment of the Senate numbered 220, and agree to the same with the following amendments:

On page 160, line 4, of the Senate engrossed amendments insert, after "corporation", the following: "at the time it renders such services or assistance".

On page 160, line 12, of the Senate engrossed amendments strike out "renders" and insert "rendered".

On page 160, line 19, of the Senate engrossed amendments strike out "constitutes" and insert "constituted".

On page 161, line 1, of the Senate engrossed amendments strike out "owns" and insert the following: "at the time it rendered such services or assistance owned".

And the Senate agree to the same.

Amendment numbered 221: That the House recede from its disagreement to the amendment of the Senate numbered 221, and agree to the same with an amendment as follows: On page 161, line 17, of the Senate engrossed amendments strike out the quotation marks and insert the following: "In computing the average base period net income for such substituted period, the excess profits net income for January, February, and March of 1950 shall be computed by use of the 'weighted excess profits net income', as defined in section 435 (e) (2) (E), for the taxable year in which such months fall.'"; and the Senate agree to the same.

Amendment numbered 222: That the House recede from its disagreement to the amendment of the Senate numbered 222, and agree to the same with the following amendments:

On page 164, line 4, of the Senate engrossed amendments strike out "regulation" and insert "regulations".

On page 165, line 4, of the Senate engrossed amendments strike out the period and quotation marks and insert the following: ", and such monthly excess profits net income shall be in lieu of the monthly excess profits net income determined under paragraphs (1) and (2) of section 462 (b).'".

And the Senate agree to the same.

Amendment numbered 224: That the House recede from its disagreement to the amendment of the Senate numbered 224, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 506. Adjustments for changes in inadmissible assets in case of banks.

"(a) Amendment of section 435 (g): Section 435 (g) (relating to net capital addition or reduction) is hereby amended by redesignating paragraph (8) as paragraph (11) and by adding after paragraph (7) the following new paragraph:

"'(8) Adjustments for changes in inadmissible assets in case of banks: In the case of a bank (as defined in section 104)—

"'(A) If the increase in total assets for the taxable year exceeds the net capital addition computed without regard to the adjustment under paragraph (1) for an increase in inadmissible assets, then the net capital addition for the taxable year shall not be less than the excess of—

"'(i) the amount determined under the first sentence of paragraph (1) over

"'(ii) an amount which bears the same ratio to the increase in inadmissible assets for the taxable year, determined under paragraph (5), as the amount computed under such first sentence bears to the increase in total assets for the taxable year.

"'(B) If the decrease in total assets for the taxable year exceeds the net capital reduction computed without regard to the adjustment under paragraph (2) for a decrease in inadmissible assets, then the net capital reduction for the taxable year shall not be less than the excess of—

"'(i) the amount determined under the first sentence of paragraph (2) over

"'(ii) An amount which bears the same ratio to the decrease in inadmissible assets for the taxable year, determined under paragraph (5), as the amount computed under such first sentence bears to the decrease in total assets for the taxable year.

For the purpose of this paragraph, the increase or decrease in total assets for the taxable year shall be computed in the same manner as the increase or decrease in inadmissible assets for the taxable year is computed under paragraph (5), except that such computations shall be made with respect to all assets, whether admissible or inadmissible assets as defined in section 440.'

"(b) Amendment of section 438: Section 438 (relating to new capital credit changes) is hereby amended by adding after subsection (f) the following new subsection:

"'(g) Adjustments for inadmissible assets in case of banks: In the case of a bank (as defined in section 104), if the increase in total assets for the taxable year (determined in the manner provided in the last sentence of section 435 (g) (8)) exceeds the net new capital addition computed without regard to the adjustment under subsection (b) for an increase in inadmissible assets, then the net new capital addition for the taxable year shall not be less than the excess of the amount determined under the first sentence of subsection (b) over an amount which bears the same ratio to the increase in inadmissible assets for the taxable year, determined under section 435 (g) (5), as the amount computed under such first sentence bears to such increase in total assets for the taxable year.'

"(c) Amendment of section 435 (f): Section 435 (f) (relating to capital additions in base period) is hereby amended as follows:

"(1) By inserting immediately after the word 'reduced' in paragraph (1) thereof the following: '(but not below zero)'.

"(2) By adding at the end of paragraph (1) thereof the following:

"'For special rule in the case of banks, see paragraph (6).'

"(3) By renumbering paragraph (6) as paragraph (7), and by adding immediately after paragraph (5) the following new paragraph:

"'(6) Yearly base period capital of banks: In the case of a bank (as defined in section 104), the yearly base period capital for any taxable year shall be determined as follows:

"'(A) A tentative yearly base period capital shall be computed under paragraph (1) without regard to paragraph (1) (A).

"'(B) The tentative yearly base period capital so determined shall be reduced by the amount determined under section 440 (b) (relating to inadmissible assets). For the purpose of this subparagraph, the computation under section 440 (b) shall include only the daily amounts (described in such section) for the first day of such taxable year.'"

"(d) Effective date of subsection (c) (3): The amendment made by subsection (c) (3) (adding a new paragraph (6) to section 435 (f)) shall be applicable with respect to taxable years beginning on or after the date of the enactment of this Act, and, at the election of the taxpayer made in accordance with regulations prescribed by the Secretary, shall be applicable to all taxable years ending after June 30, 1950."

And the Senate agree to the same.

Amendment numbered 225: That the House recede from its disagreement to the amendment of the Senate numbered 225, and agree to the same with an amendment as follows: On page 169 of the Senate engrossed amendments strike out lines 9 to 20, inclusive, and insert the following:

"'(9) Decrease in inadmissible assets:

"'(A) Except as otherwise provided in subparagraph (B) (relating to banks), the excess of the amount computed under paragraph (2) (A) or (B), whichever is applicable to the taxpayer (whether or not any amount is determined under the first sentence of paragraph (2)), over the amount, if any, computed under the first sentence of paragraph (2) shall be considered the net capital addition for the taxable year or shall be added to the next capital addition otherwise determined under paragraph (1), as the case may be. The amount of the excess so determined shall be subject to the exceptions and limitations provided in paragraph (10).

"'(B) In the case of a bank (as defined in section 104), the computation under subparagraph (A) shall be made by substituting for the amount computed under paragraph (2) (A) or (B) whichever of the following amounts is the lesser:

"'(i) An amount which bears the same ratio to the decrease in inadmissible assets as the sum of the equity capital, as defined in section 437 (c)) and the daily borrowed capital (as defined in section 439 (b)), each determined as of the first day of the first taxable year ending after June 30, 1950, bears to the total assets as of the beginning of such day;

"'(ii) If paragraph (8) (B) is applicable, the amount computed under paragraph (8) (B) (ii).'"

And the Senate agree to the same.

Amendment numbered 226: That the House recede from its disagreement to the amendment of the Senate numbered 226, and agree to the same with an amendment as follows: On page 172 of the Senate engrossed amendments strike out line 25 and all that follows over to and including the period in line 3 on page 173 and insert the following: "'Government obligations' means obligations described in section 22 (b) (4) any part of the interest from which is excludible from gross income or allowable as a credit against net income; but such term shall include only such obligations as in the hands of the taxpayer are property described in section 117 (a) (1) (A)."; and the Senate agree to the same.

Amendment numbered 227: That the House recede from its disagreement to the amendment of the Senate numbered 227, and agree to the same with an amendment as follows: On page 175 of the Senate engrossed amendments strike out line 11 and all that follows through line 17 on page 177 and insert the following:

"'(h) Alternative average base period net income:

"'(1) Eligibility requirements: A taxpayer which commenced business on or before the first day of its base period shall be entitled to the benefits of this subsection if—

"'(A) the aggregate excess profits net income (if any) for the 12 months selected under paragraph (2) (B) is less than 35 per centum of one-half of the aggregate excess profits net income for the 24 months remaining under such paragraph; and

"'(B) normal production, output, or operation was interrupted or diminished because of the occurrence, within 12 months preceding (i) the first day of the 12-month period

selected under paragraph (2) (B) (i), or (ii) the first day of any period of 6 or more consecutive months selected under paragraph (2) (B) (ii), of events unusual or peculiar in the experience of such taxpayer.

This subsection shall have no application unless the taxpayer has an aggregate excess profits net income for the 24 months remaining under paragraph (2) (B).

"'(2) Computation: If the taxpayer is entitled to the benefits of this subsection, its average base period net income computed under this subsection shall be computed as follows:

"'(A) By determining under subsection (b) the period subject to adjustment under this section. For the purposes of subparagraph (B) but not for the purposes of paragraph (1) (B) such period shall be considered a period of 36 consecutive months.

"'(B) By selecting from such period whichever of the following 12 months results in the higher remaining aggregate excess profits net income—

"'(i) the 12 consecutive months the elimination of which produces the highest remaining aggregate excess profits net income, or

"'(ii) the 12 months which remain after retaining the 24 consecutive months which produce the highest remaining aggregate excess profits net income.

"'(C) By computing for each of the 12 months selected under subparagraph (B) a substitute excess profits net income computed under subsection (e).

"'(D) By computing the sum of—

"'(i) the aggregate of the substitute excess profits net income, as determined under subparagraph (C), for the 12 months selected under subparagraph (B), but the amount computed under this clause shall not exceed one-half of the aggregate excess profits net income for the 24 months remaining under subparagraph (B), and

"'(ii) the aggregate of the excess profits net income for each of the 24 months remaining under subparagraph (B), computed in the manner provided by the second sentence of section 435 (d) (1).

"'(E) By dividing by three the amount ascertained under subparagraph (D).

"'(3) Aggregate excess profits net income: The "aggregate excess profits net income" for any period shall be computed for the purposes of this subsection in the same manner as under subsection (b).'"

And the Senate agree to the same.

Amendment numbered 228: That the House recede from its disagreement to the amendment of the Senate numbered 228, and agree to the same with an amendment as follows: On page 178 of the Senate engrossed amendments strike out line 10 and all that follows through the word "the" in line 11 and insert "The"; and the Senate agree to the same.

Amendment numbered 231: That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with an amendment as follows: On page 181, line 3, of the Senate engrossed amendments insert, after "Commission or", the following: "if the rates for such furnishing or sale are subject"; and the Senate agree to the same.

Amendment numbered 234: That the House recede from its disagreement to the amendment of the Senate numbered 234, and agree to the same with an amendment as follows: On page 183 of the Senate engrossed amendments strike out line 15 and all that follows through line 21 on page 184 and insert the following:

"'(1) The adjusted basis of the taxpayer's total facilities (as defined in section 444 (d)) as of the beginning of its base period (when added to the total facilities at such time of all corporations with which the taxpayer has the privilege under section 141 of filing a consolidated return for its first taxable year under this subchapter) did not exceed $10,000,000;

"'(2) The basis (unadjusted) of the taxpayer's total facilities (as defined in section 444 (d)) at the close of its base period was 250 per centum or more of the basis (unadjusted) of its total facilities at the beginning of its base period;

"'(3) The percentage of the taxpayer's aggregate gross income which was from contracts with the United States and related subcontracts was (A) at least 70 per centum for the period comprising all taxable years beginning after December 31, 1941, and ending before January 1, 1946, (B) less than 20 per centum for the period comprising all taxable years ending after December 31, 1945, and before January 1, 1950, and (C) less than 20 per centum for the period comprising all taxable years ending after December 31, 1949, and beginning before July 1, 1950; and

"'(4) The average monthly excess profits net income of the taxpayer (computed in the manner provided in section 443 (e)) for—

"'(A) the period comprising all taxable years ending with or within the last 24 months of its base period, and

"'(B) the last taxable year ending before the first day of its base period,

are each 300 per centum or more of the average monthly excess profits net income (so computed) of the taxpayer for the period comprising all taxable years ending with or within the first 24 months of its base period'."

And the Senate agree to the same.

Amendment numbered 235: That the House recede from its disagreement to the amendment of the Senate numbered 235, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 517. Base period catastrophe.

"Section 459, as added by section 516 of this Act, is hereby amended by adding after subsection (a) thereof the following new subsection:

"'(b) Base period catastrophe:

"'Eligibility requirements: A taxpayer shall be entitled to the benefits of this subsection only if it was engaged throughout its base period primarily in manufacturing and if—

"'(A) the taxpayer suffered during the last thirty-six months of its base period a catastrophe by fire, storm, explosion, or other casualty which destroyed or rendered inoperative a production facility constituting a complete plant or plants having in the hands of the taxpayer immediately prior to the catastrophe an adjusted basis equal to 15 per centum or more of the adjusted basis of all the taxpayer's production facilities at such time;

"'(B) as a result of such catastrophe the taxpayer's normal production or operation was substantially interrupted for a period of more than twelve consecutive months; and

"'(C) the taxpayer, prior to the end of its base period, replaced such production facility with a production facility which at the end of its base period had in its hands an adjusted basis not less than the adjusted basis immediately prior to the catastrophe of the production facility destroyed or rendered inoperative.

"'(2) Computation: The taxpayer's base period net income determined under this subsection shall be the amount computed under subparagraph (A) or the amount computed under subparagraph (B), whichever results in the lesser tax under this subchapter for the taxable year for which the tax is being computed:

"'(A) The amount computed under section 435 (d) by substituting for the excess profits net income for each month in the taxable year in which the catastrophe described in paragraph (1) occurred an amount equal to the aggregate, divided by the number of months in the base period preceding such taxable year, of the excess profits net income for each month (computed under section 435 (d) (1)) in the base period preceding such taxable year. The average base period net income computed under this subparagraph shall, for the purpose of section 435 (a) (1) (B) be considered an average base period net income determined under section 435 (d).

"'(B) The amount computed under section 435 (e) (2) (G) (i) and (ii).'"

And the Senate agree to the same.

Amendment numbered 236: That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with the following amendments:

On page 187, line 16, of the Senate engrossed amendments insert after the semicolon the following: "and"

On page 188, line 2, of the Senate engrossed amendments insert after the semicolon the following: "and either"

On page 188, line 9, of the Senate engrossed amendments strike out "consolidation began; and" and insert the following: "operations were consolidated; or"

On page 188, line 21, of the Senate engrossed amendments strike out "consolidation began" and insert the following: "operations were consolidated".

On page 188, line 23, of the Senate engrossed amendments insert after the period the following: "In determining such excess amount proper adjustment shall be made for increase in labor costs and newsprint following such consolidation. Proper adjustment shall also be made for any case in which a taxable year referred to in this subsection is a period of less than twelve months."

And the Senate agree to the same.

Amendment numbered 237: That the House recede from its disagreement to the amendment of the Senate numbered 237, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 519. Television broadcasting companies.

"Section 459, as added by sections 516 to 518 of this Act, is hereby amended by adding after subsection (c) thereof the following new subsections:

"'(d) Television broadcasting companies:

"'(1) In general: In the case of a taxpayer engaged in the business of television broadcasting throughout a period beginning before January 1, 1951, and ending with the close of the taxable year, the taxpayer's average base period net income determined under this subsection shall be the amount computed under paragraph (2) or (3), whichever is applicable.

"'(2) If engaged in television broadcasting at close of base period: If the taxpayer was engaged in the business of television broadcasting at the close of its base period, the average base period net income computed under this paragraph shall be computed as follows:

"'(A) If the taxpayer was engaged during its base period in any business or businesses other than television broadcasting, by computing the average base period net income under section 435 (d) for such other business or businesses (determined without regard to income, deductions, losses, or other items attributable to the television broadcasting business).

"'(B) By multiplying such part of its total assets (as defined in section 442 (f)), for the last day of its base period, as was attributable to the television broadcasting business by—

"'(i) the base period rate of return determined under section 447 (c) for the in-

dustry classification which includes radio broadcasting, or

"'(ii) if the taxpayer was engaged during its base period in the business of radio broadcasting, its individual rate of return computed under paragraph (4),

whichever rate of return produces the greater average base period net income under this subsection. If the amount computed under this subparagraph is computed by the use of the rate of return specified in clause (i), the amount so computed shall be reduced by an amount equal to such portion of the total interest paid or incurred by the taxpayer, for the period of 12 months following the close of its base period, as is attributable to its television broadcasting business.

"'(C) By adding the amount computed under subparagraph (B) to the amount, if any, computed under subparagraph (A).

"'(3) Commencing television broadcasting after base period and before 1951: If the taxpayer acquires its television broadcasting business after the close of its base period and before January 1, 1951, the average base period net income computed under this paragraph shall be computed as provided in paragraph (2), except that—

"'(A) the applicable rate of return under paragraph (2) (B) shall be multiplied by such part of its total assets (as defined in section 442 (f)), for the last day of the calendar month in which it first engaged in such business, as was attributable to such business, and

"'(B) the reduction specified in the last sentence of paragraph (2) (B) shall, if applicable, be equal to such portion of the total interest paid or incurred by the taxpayer, for the period of 12 months following the month in which it first engaged in such business, as is attributable to such business.

"'(4) Individual rate of return: The individual rate of return shall be computed as follows:

"'(A) By determining the amount of the taxpayer's total assets (as defined in section 442 (f)) attributable to the business of radio broadcasting for the last day of each month in its base period.

"'(B) By computing the aggregate of the amounts ascertained under subparagraph (A) and dividing by 48.

"'(C) By computing for each month in the base period the excess profits net income of the radio broadcasting business (determined without regard to income, deductions, losses, or other items attributable to any other business), by adding such amounts for all of the months in the base period, and by dividing by 4.

"'(D) By dividing the amount computed under subparagraph (C) by the amount computed under subparagraph (B).

"'(5) Rules for application of subsection:

"'(A) For the purpose of section 435 (a) (1) (B), an average base period net income determined under this subsection shall be considered an average base period net income determined under section 435 (d); but, in computing the base period capital addition under section 435 (f), the computations under such section shall be adjusted, under regulations prescribed by the Secretary, so as to exclude therefrom items attributable to the television broadcasting business.

"'(B) If any part of the total assets referred to in paragraph (2) (B) or paragraph (3) (A), whichever is applicable, were acquired, directly or indirectly, through the use of assets attributable at any time during the base period to a business of the taxpayer other than television broadcasting, the amount determined under paragraph (2) (A) shall be properly adjusted by eliminating from the excess profits net income (computed for the purpose of paragraph (2) (A)) for each month prior to such acquisition such portion thereof as is attributable to the assets used, directly or indirectly, for such acquisition. For the purpose of this subparagraph, the excess profits net income for any month shall be attributed to such assets on the basis of the ratio, as of the beginning of the day of the acquisition, of such assets to total assets (as defined in section 442 (f)) determined without regard to assets attributable to the television broadcasting business.

"'(C) The Secretary shall by regulations prescribe rules for the application of this subsection, including rules for the computation of the taxpayer's net capital addition or reduction.

"'(6) Application of part II: The Secretary shall prescribe regulations for the application of Part II for the purpose of this subsection in the case of an acquiring corporation or a component corporation in a transaction described in section 461 (a) which occurred prior to January 1, 1951.

"'(e) Basis of assets: For the purposes of this section, any reference to the adjusted basis of property or to the basis (unadjusted) of property means the adjusted basis or the basis (unadjusted), as the case may be, for determining gain upon sale or exchange.'"

And the Senate agree to the same.

Amendment numbered 238: That the House recede from its disagreement to the amendment of the Senate numbered 238, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 520. Increase in capacity for production or operation.

"Section 444 (f) (relating to increase in capacity for production or operation) is hereby amended to read as follows:

"'(f) Rules for application of section:

"'(1) The benefits of this section shall not be allowed unless the taxpayer makes application therefor in accordance with section 447 (e).

"'(2) If, during its first taxable year ending after June 30, 1950, the taxpayer completed construction of (including the installation of the machinery or equipment for use in) a factory building or other manufacturing establishment, such factory building or other manufacturing establishment and such machinery or equipment shall, for the purpose of determining whether there is an increase in capacity under the provisions of subsection (b), be considered to have been added to its total facilities on the last day of its base period if—

"'(A) the taxpayer, prior to the end of its base period, had completed construction work representing more than 40 per centum of the total cost of construction of such factory building or other manufacturing establishment, and

"'(B) the completion of such factory building or other manufacturing establishment was in pursuance of a plan to which the taxpayer was committed prior to the end of its base period.

This paragraph shall not apply in determining the amount of the taxpayer's total assets for the purpose of subsection (c).'"

And the Senate agree to the same.

Amendment numbered 239: That the House recede from its disagreement to the amendment of the Senate numbered 239, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 521. Excess profits credit based on income in connection with certain taxable acquisitions.

"(a) General rule: Subchapter D (relating to the excess profits tax) of chapter 1 is hereby amended by inserting immediately following section 472 the following new part:

"'Part IV—Excess Profits Credit Based on Income in Connection With Certain Taxable Acquisitions Occurring Prior to December 1, 1950.

"'SEC. 474. Excess profits credit based on income—certain taxable acquisitions.

"'(a) Definitions: For the purpose of this part—

"'(1) Purchasing corporation: The term "purchasing corporation" means a corporation which, before December 1, 1950, acquired—

"'(A) In a transaction other than a transaction described in section 461 (a), substantially all of the properties (other than cash) of another corporation, of a partnership, or of a business owned by a sole proprietorship; or

"'(B) Properties of another corporation or of a partnership if (i) such properties constituted, immediately prior to the acquisition, substantially all of the properties (other than cash) of one or more separate businesses of such other corporation or such partnership, (ii) such other corporation or such partnership was engaged in one or more separate businesses other than those described in clause (i), and (iii) substantially all of the properties (other than cash) of such other corporation or such partnership were acquired, in furtherance of a single plan of complete liquidation for such other corporation or such partnership, by the purchasing corporation, and by one or more other persons, in transactions other than transactions described in section 461 (a).

"'(2) Selling corporation: The term "selling corporation" means a corporation, a partnership, or a business owned by a sole proprietorship, as the case may be, properties of which were acquired by a purchasing corporation in a transaction described in paragraph (1).

"'(3) Part IV transaction: The term "part IV transaction" means a transaction described in paragraph (1).

"'(b) Average base period net income of purchasing corporation: The average base period net income of a purchasing corporation, if computed with reference to this part, shall be determined under section 435 (d). The average base period net income under section 435 (d) of a purchasing corporation shall be determined by computing its excess profits net income either with or without reference to this part, whichever produces the lesser tax under this subchapter for the taxable year for which the tax is being computed. If computed with reference to this part, the excess profits net income of a purchasing corporation for any month of its base period shall be its excess profits net income (or deficits therein), computed without reference to this part, and increased or decreased, as the case may be, by the addition or reduction resulting from including—

"'(1) In the case of a transaction described in subsection (a) (1) (A), the excess profits net income (or deficit therein) for such month of the selling corporation, or

"'(2) In the case of a transaction described in subsection (a) (1) (B), the excess profits net income (or deficit therein) for such month of the selling corporation properly attributable to the business or businesses acquired by the purchasing corporation and properly allocable to such purchasing corporation.

The excess profits net income of a purchasing corporation for any month, recomputed as provided in the previous sentence, shall not be less than zero.

"'(c) Limitations: This part shall apply only if each of the following conditions is satisfied:

"'(1) The selling corporation (A) did not, after the part IV transaction (or the last transaction described in subsection (a) (1)

(B)), continue any business activities other th n those incident to its complete liquidation, and (B) within a reasonable time after ceasing business activities, completely liquidated in a transaction other than a transaction described in section 461 (a), and ceased existence.

"'(2) During so much of the base period of the purchasing corporation and of the period thereafter as preceded the part IV transaction, the properties acquired in the part IV transaction were substantially all of the properties (other than cash) which were used, or which in the ordinary course of business replaced properties used, by the selling corporation (or by a component corporation, as defined in section 461 (b), of such selling corporation) in the production of the excess profits net income (or deficit therein) which under subsection (b) increases or decreases the excess profits net income of the purchasing corporation. For the purpose of this paragraph, if a business in the hands of both the selling corporation and the purchasing corporation was operated under a substantially identical franchise or license, granted by the same person, such franchise or license shall be deemed acquired by the purchasing corporation from the selling corporation.

"'(3) The business or businesses acquired in the part IV transaction (including the properties so acquired or properties in replacement thereof) were operated by the purchasing corporation from the date of such transaction to the end of the taxable year or were transferred during the taxable year by the purchasing corporation in a part II transaction to which the provisions of section 462 (b) (4) are applicable.

"'(d) Special Rules:

"'(1) For the purpose of subsection (a) (1), the properties of a selling corporation shall be considered to have been acquired by a purchasing corporation only if acquired from—

"'(A) such selling corporation, or

"'(B) persons who received the properties upon the liquidation of such selling corporation and who forthwith transferred such properties to the purchasing corporation in a transaction other than a transaction described in section 461 (a).

"'(2) The computations required by this part in the case of a selling corporation which is a partnership or a business owned by a sole proprietorship shall be made, under regulations prescribed by the Secretary, as if such partnership or such business owned by a sole proprietorship had been a corporation.

"'(3) In no case shall more than 100 per centum of the excess profits net income (or deficit therein) for any month of a selling corporation be allocated to the purchasing corporation or, in the case of transactions described in subsection (a) (1) (B), to the several persons (or to any one or more of such persons) receiving the properties of such selling corporation in such transactions.

"'(e) Successive transactions:

"'(1) Part IV transaction following part IV transaction: In the case of a selling corporation which was a purchasing corporation in a previous part IV transaction, or which acquired properties of a purchasing corporation in a transaction to which section 462 (b) (4) is applicable, the computations under this part with respect to the selling corporation shall be made without regard to the previous part IV transaction.

"'(2) Part IV transaction following part II transaction: Subject to the provisions of paragraph (1), in the case of a selling corporation which was an acquiring corporation as defined in section 461 (a) in a previous transaction, its excess profits net income (or deficit therein) which increases or decreases the excess profits net income (or deficit therein) of the purchasing corporation under subsection (b) (1) or (2), and its capital changes which are taken into account under this part in determining the capital changes of the purchasing corporation, shall be determined with the application of the rules of part II to such selling corporation with respect to the part II transaction.

"'(3) Part II transaction following part IV transaction: For rules applicable in the case of a part II transaction following a part IV transaction, see sections 462 (b) (4), 463 (c), and 464 (c).

"'(f) Regulations: The Secretary shall by regulations prescribe rules for the application of this part. Such regulations shall include the following rules:

"'(1) Base period capital addition: Rules (consistent with the principles of section 464) for the determination of the base period capital addition of the purchasing corporation by reference to the capital changes of the selling corporation and of the purchasing corporation.

"'(2) Net capital addition or reduction: Rules (consistent with the principles of section 463) for the determination of the net capital addition or reduction of the purchasing corporation by reference to the capital changes of the selling corporation and of the purchasing corporation.

"'(3) Excess profits net income: Rules (consistent with the principles of section 462 (i) for the determination of the amount of excess profits net income (or deficit therein) of the selling corporation attributable to the business or businesses acquired by a purchasing corporation in a transaction described in subsection (a) (1) (B) and properly allocable to such purchasing corporation.

"'(4) Duplication: Rules for the application under this part of the principles of section 462 (j) (1) and the other provisions of part II relating to the prevention of duplication.

"'(5) Excess profits credit: In the event that the part IV transaction occurred in a taxable year of the purchasing corporation which ended after June 30, 1950, rules (consistent with the principles of section 462 (j) (2) for the determination of the excess profits credit of such corporation for the year in which the transaction occurred.

Such rules shall not include the principles of section 461 (c) (relating to the excess profits credit of the component corporation), of section 462 (b) (2) (relating to constructive excess profits net income for months during which a corporation was not in existence), of section 462 (l) (relating to minimum average base period net income in the case of certain acquiring corporations), or of such other provisions of part II as relate to sections 435 (e), 442, 443, 444, 445, or 446.'

"(b) Technical amendments:

"(1) Section 435 (a) (3) (relating to amount of excess profits credit) is hereby amended by inserting before the period at the end thereof the following: ', and in the case of certain taxable acquisitions, see part IV of this subchapter'.

"(2) Section 461 (relating to definitions under part II) is amended by inserting at the end thereof the following new subsections:

"'(g) Component corporation which was a purchasing corporation in a previous transaction: See section 462 (b) (4) for rules applicable if the component corporation was a purchasing corporation (as defined in part IV) in a previous part IV transaction, or if (as an acquiring corporation in a previous part II transaction) it was subject to the provisions of section 462 (b) (4).

"'(h) Definition of part II transaction: For the purpose of this subchapter, the term "part II transaction" means a transaction described in section 461 (a).'

"(3) Section 462 (b) (relating to the method of recomputing the excess profits net income of an acquiring corporation under part II) is hereby amended by adding at the end thereof the following new paragraph:

"'(4) If the average base period net income of the acquiring corporation is determined under section 435 (d) with reference to this subsection, and if the provisions of section 474 (b) (relating to the computation of excess profits net income in the case of certain purchasing corporations) were applicable to the component corporation immediately prior to the part II transaction (or would have been applicable if such part II transaction had occurred in a taxable year of the component corporation ending after June 30, 1950), then the excess profits net income (or deficit therein) of the component corporation shall, or the purpose of this subsection, be determined with the application of the provisions of section 474 (b). For the purpose of this paragraph, if a component corporation was an acquiring corporation in a previous part II transaction and, immediately prior to the later part II transaction, the provisions of this paragraph were applicable to such component corporation, its excess profits net income (or deficit therein) shall be determined with the application of the provisions of the preceding sentence. This paragraph shall be applicable to an acquiring corporation only if—

"'(A) the properties acquired by the acquiring corporation from the component corporation include substantially all of the properties (other than cash), or properties acquired in the ordinary course of business in the replacement of properties, which the component corporation acquired either from the selling corporation in the part IV transaction or from a previous component corporation subject (immediately prior to such acquisition) to the provisions of this paragraph.

"'(B) the business or businesses acquired by the acquiring corporation were operated by the acquiring corporation from the date of such transaction to the end of the taxable year or were transferred during the taxable year by the acquiring corporation in a part II transaction to which the provisions of this paragraph are applicable; and

"'(C) in the event that the part II transaction is one described in section 461 (a) (1) (E), the provisions of section 462 (i) (6) are satisfied.'

"(4) Section 462 (i) (6) (relating to allocation rules in the case of transactions described in section 46 (a) (1) (E)) is hereby amended by adding at the end thereof the following: 'Notwithstanding the provisions of paragraph (1), if an acquiring corporation in a transaction described in section 461 (a) (1) (E) determines its average base period net income under section 435 (d) by recomputing its excess profits net income under the provisions of section 462 (b) (4), the amount of the component corporation's excess profits net income for any month which shall be taken into account by the acquiring corporation shall be such portion of the component corporation's excess profits net income for such month as is determined on the basis of the earnings experience of the assets transferred and the assets retained by the component corporation.'

"(5) Section 463 (relating to capital changes) is amended by inserting at the end thereof the following new subsection:

"'(c) Component corporation which was a purchasing corporation in a previous transaction: The Secretary shall provide by regulations for the application of this section in cases to which section 462 (b) (4) is applicable.'

"(6) Section 464 (relating to capital changes during the base period) is amended by inserting at the end thereof the following new subsection:

"'(c) The Secretary shall provide by regulation for the application of this section in

cases to which section 462 (b) (4) is applicable.'"

And the Senate agree to the same.

Amendment numbered 240: That the House recede from its disagreement to the amendment of the Senate numbered 240, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 522. Strategic minerals.

"Section 450 (b) (1) (relating to corporations engaged in mining of strategic minerals) is hereby amended by inserting after 'chromite,' the following: 'bauxite,'."

And the Senate agree to the same.

Amendment numbered 241: That the House recede from its disagreement to the amendment of the Senate numbered 241, and agree to the same with an amendment as follows: On page 199, line 16, of the Senate engrossed amendments strike out "510" and insert "506 (d)"; and the Senate agree to the same.

Amendment numbered 245: That the House recede from its disagreement to the amendment of the Senate numbered 245, and agree to the same with the following amendments: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "or to the benefit of a hospital, or an institution for the rehabilitation of physically handicapped persons, which maintains or is building for proper maintenance a hospital or institution staffed or to be staffed by qualified professional persons for the treatment of the sick and/or the rehabilitation of the physically handicapped,"

On page 150, line 25, of the House bill strike out the quotation marks and insert the following: "The determination as to whether an organization other than one described in this subsection is exempt under section 101 of the Internal Revenue Code from taxation for any taxable year beginning before January 1, 1951, shall be made as if this subsection and section 301 (b) of this Act had not been enacted and without inferences drawn from the fact that this subsection and the amendment made by section 301 (b) are not expressly made applicable with respect to taxable years beginning before January 1, 1951.'"

And the Senate agree to the same.

Amendment numbered 246: That the House recede from its disagreement to the amendment of the Senate numbered 246, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

"SEC. 602. Excess profits credit based on income.

"(a) Percentage of average base period net income taken into account:

"(1) In general: Paragraph (1) (A), and paragraph (2), of section 435 (a) (relating to excess profits credit based on income) are each amended by striking out '85 per centum' and inserting in lieu thereof '83 per centum'.

"(2) Taxable years beginning before January 1, 1952, and ending after December 31, 1951: Section 435 (a) is hereby amended by adding at the end thereof the following new paragraph:

"'(4) Taxable years beginning in 1951 and ending in 1952: In the case of a taxable year beginning before January 1, 1952, and ending after December 31, 1951, there shall be used, for the purposes of paragraph (1) (A) and paragraph (2), in lieu of 85 per centum of the average base period net income, an amount equal to the sum of—

"'(A) that portion of an amount equal to 85 per centum of the average base period net income which the number of days in such taxable year prior to January 1, 1951, bears to the total number of days in such taxable year, plus

"'(B) that portion of an amount equal to 83 per centum of the average base period net income which the number of days in such taxable year after December 31, 1952, bears to the total number of days in such taxable year.'

"(b) Effective date: The amendments made by subsection (a) shall be applicable only with respect to taxable years ending after December 31, 1951."

And the Senate agree to the same.

Amendment numbered 247: That the House recede from its disagreement to the amendment of the Senate numbered 247, and agree to the same with the following amendments:

On page 200, line 13, of the Senate engrossed amendments strike out "602" and insert "603".

On page 201 of the Senate engrossed amendments strike out lines 15 to 25, inclusive, and insert the following:

"'(A) shall not, with respect to any such tax, exceed an amount which bears the same ratio to the amount of such tax actually paid to such foreign country as the value of property which is—

"'(i) situated within such foreign country,

"'(ii) subjected to such tax, and

"'(iii) included in the gross estate

bears to the value of all property subjected to such tax; and

"'(B) shall not, with respect to all such taxes, exceed an amount which bears the same ratio to the tax imposed by section 810".

On page 202, line 14, of the Senate engrossed amendments strike out "taxes" and insert "tax".

On page 205 of the Senate engrossed amendments strike out all after line 23 over to and including line 12 on page 206 and insert the following:

"'(A) For the purposes of paragraph (2) (A), "such taxes paid to the foreign country" shall, with respect to any tax paid to the foreign country, be the amount computed under section 813 (c) (2) (A)."

And the Senate agree to the same.

Amendment numbered 248: That the House recede from its disagreement to the amendment of the Senate numbered 248, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "604"; and the Senate agree to the same.

Amendment numbered 249: That the House recede from its disagreement to the amendment of the Senate numbered 249, and agree to the same with an amendment as follows: On page 208, line 21, of the Senate engrossed amendments, strike out "604" and insert "605"; and the Senate agree to the same.

Amendment numbered 250: That the House recede from its disagreement to the amendment of the Senate numbered 250, and agree to the same with an amendment as follows: On page 209, line 14, of the Senate engrossed amendments, strike out "605" and insert "606"; and the Senate agree to the same.

Amendment numbered 251: That the House recede from its disagreement to the amendment of the Senate numbered 251, and agree to the same with an amendment as follows: On page 210, line 14, of the Senate engrossed amendments, strike out "606" and insert "607"; and the Senate agree to the same.

Amendment numbered 252: That the House recede from its disagreement to the amendment of the Senate numbered 252, and agree to the same with an amendment as follows: On page 211, line 2, of the Senate engrossed amendments, strike out "607" and insert "608"; and the Senate agree to the same.

Amendment numbered 253: That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with an amendment as follows: On page 211, line 9, of the Senate engrossed amendments, strike out "608" and insert "609"; and the Senate agree to the same.

Amendment numbered 254: That the House recede from its disagreement to the amendment of the Senate numbered 254, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 610. Reversionary interests in case of life insurance.

"If refund or credit of any overpayment resulting from the application of section 503 of the Revenue Act of 1950 was prevented on October 25, 1950, by the operation of any law or rule of law (other than section 3760 of the Internal Revenue Code, relating to closing agreements, and other than section 3761 of such code, relating to compromises), refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor was filed after October 25, 1949, and on or before October 25, 1950."

And the Senate agree to the same.

Amendment numbered 255: That the House recede from its disagreement to the amendment of the Senate numbered 255, and agree to the same with an amendment as follows: On page 212, line 14, of the Senate engrossed amendments, strike out "610" and insert "611"; and the Senate agree to the same.

Amendment numbered 256: That the House recede from its disagreement to the amendment of the Senate numbered 256, and agree to the same with an amendment as follows: On page 214, line 2, of the Senate engrossed amendments, strike out "611" and insert "612"; and the Senate agree to the same.

Amendment numbered 257: That the House recede from its disagreement to the amendment of the Senate numbered 257, and agree to the same with an amendment as follows: On page 214, line 14, strike out "612" and insert "613"; and the Senate agree to the same.

Amendment numbered 258: That the House recede from its disagreement to the amendment of the Senate numbered 258, and agree to the same with an amendment as follows: On page 215, line 6, of the Senate engrossed amendments, strike out "613" and insert "614"; and the Senate agree to the same.

Amendment numbered 259: That the House recede from its disagreement to the amendment of the Senate numbered 259, and agree to the same with an amendment as follows: On page 216, line 2, of the Senate engrossed amendments, strike out "614" and insert "615"; and the Senate agree to the same.

Amendment numbered 260: That the House recede from its disagreement to the amendment of the Senate numbered 260, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "616"; and the Senate agree to the same.

Amendment numbered 261: That the House recede from its disagreement to the amendment of the Senate numbered 261, and agree to the same with an amendment as follows: On page 216, line 8, of the Senate engrossed amendments, strike out "616" and insert "617"; and the Senate agree to the same.

Amendment numbered 262: That the House recede from its disagreement to the amendment of the Senate numbered 262, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 618. Prohibition upon denial of Social Security Act funds.

"No State or any agency or political subdivision thereof shall be deprived of any

grant-in-aid or other payment to which it otherwise is or has become entitled pursuant to title I, IV, X, or XIV of the Social Security Act, as amended, by reason of the enactment or enforcement by such State of any legislation prescribing any conditions under which public access may be had to records of the disbursement of any such funds or payments within such State if such legislation prohibits the use of any list or names obtained through such access to such records for commercial or political purposes."

And the Senate agree to the same.

Amendment numbered 263: That the House recede from its disagreement to the amendment of the Senate numbered 263, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 619. Removal of tax exemption from expense allowances of the President, the Vice President, the Speaker, and Members of Congress.

"(a) Expense allowance of the President: Section 102 of title 3 of the United States Code is amended by striking out 'no tax liability shall accrue and for which no accounting shall be made by him' and inserting in lieu thereof 'no accounting, other than for income tax purposes, shall be made by him.'

"(b) Expense allowance of the Vice President: Section 111 of title 3 of the United States Code is amended by striking out 'for which no tax liability shall occur or accounting be made by him' and inserting in lieu thereof 'for which no accounting, other than for income tax purposes, shall be made by him'.

"(c) Expense allowance of the Speaker of the House of Representatives: Subsection (e) of the first section of the Act entitled 'An Act to increase rates of compensation of the President, Vice President, and the Speaker of the House of Representatives', approved January 19, 1949 (Public Law 2, 81st Congress), is amended by striking out 'for which no tax liability shall occur or accounting be made by him' and inserting in lieu thereof 'for which no accounting, other than for income tax purposes, shall be made by him'.

"(d) Expense allowances of Members of Congress: Section 601 (b) of the Legislative Reorganization Act of 1946 is amended by striking out 'for which no tax liability shall incur, or accounting be made' and inserting in lieu thereof 'for which no accounting, other than for income tax purposes, shall be made'.

"(e) Effective dates: The amendments made by subsections (a) and (b) of this section shall become effective at noon on January 20, 1953, and the amendments made by subsections (c) and (d) shall become effective at noon on January 3, 1953."

And the Senate agree to the same.

Amendment numbered 264: That the House recede from its disagreement to the amendment of the Senate numbered 264, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE OF CONTENTS

And the Senate agree to the same.

R. L. DOUGHTON,
JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,
Managers on the Part of the House.

WALTER F. GEORGE,
TOM CONNALLY,
EDWIN C. JOHNSON,
E. D. MILLIKIN,
ROBERT A. TAFT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4473) to provide revenue, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The House bill provided for an increase in individual income-tax rates by a percentage increase of 12½ percent of the tax liability under existing law, with an over-all effective ceiling rate of 90 percent of the net income of the taxpayer. The House bill also increased the alternative tax on capital gains by 12½ percent. The Senate amendment eliminated the increase in the alternative tax on capital gains and provided, in general, for an increase of 11 percent of the present tax liability, or 8 percent of the amount by which the surtax net income exceeds present taxes, whichever produced the lesser increase in tax. The Senate amendment provided an over-all ceiling rate of 88 percent of the net income of the taxpayer.

Under the conference agreement the increase in the combined normal tax and surtax under existing law will, in general, be 11¾ percent of the present rates or 9 percent of the amount by which the surtax net income exceeds present taxes, whichever is the lesser. Special rates are provided for the calendar year 1951 so as to reflect November 1, 1951, as the effective date of the increase in tax. The ceiling rate of 88 percent contained in the Senate amendment is retained under the conference agreement, and no increase in tax is provided with respect to the alternative tax on capital gains. Under the House bill no termination date was provided for the increase in the taxes. The Senate amendment provided for the termination of the increased rates on January 1, 1954, and the conference agreement retains the termination date.

Amendments Nos. 2 and 3: These amendments are clerical. The Senate recedes.

Amendments Nos. 4 and 5: The House bill provided for an increase in the normal tax on corporations, in general, from 25 to 30 percent of normal tax net income, applicable to taxable years beginning after December 31, 1950. The Senate provided for an increase in the corporation normal tax from 25 to 27 percent and an increase in the corporation surtax from 22 to 25 percent. Under the Senate amendment, the increases in normal tax and surtax were to be effective as of April 1, 1951, and were to terminate on December 31, 1953. Special rates were provided for the calendar year 1951 to reflect the April 1 effective date. Under the conference agreement on amendments 4 and 5, the normal tax is increased from 25 to 30 percent as provided in the House bill with no increase in the surtax. The increase in normal tax is to be effective as of April 1, 1951, with a normal tax rate of 28¾ percent for the calendar year 1951. The conference agreement provides that the increase in normal tax is to terminate of as March 31, 1954.

Amendment No. 6: The House bill amended section 430 (a) (2) of the code (relating to maximum excess profits tax) so as to increase the percentage used under existing law for computing the maximum excess profits tax from 62 to 70 percent. The Senate amendment provided a new method for computing the maximum excess profits tax which, in general, was 16½ percent of the excess profits net income for the calendar year 1951 and was 17 percent of the excess profits net income for taxable years beginning after March 15, 1951. The 17 percent figure of the Senate amendment was comparable to a 69 percent figure under the method provided in the House bill. The House recedes with an amendment which adopts the Senate method of computing the maximum tax but increases the 17 percent figure to 18 percent (comparable to the House bill 70 percent figure) for taxable years beginning after March 31, 1951. Under the conference agreement the maximum excess profits tax for the calendar year 1951 is 17¼ percent of the excess profits net income for such year.

Amendments Nos. 7, 8, and 9: Senate amendments Nos. 7 and 8 amended section 207 (a) (tax on certain insurance companies), 362 (b) (tax on regulated investment companies), section 421 (a) (tax on business income of certain tax exempt organizations), and section 26 (relating to credits for corporations) of the code to make changes conforming to the action of the Senate with respect to the corporate normal and surtax rate increases. These amendments also made other technical conforming changes in the code. Senate amendment No. 9 struck out section 123 of the House bill which provided for the allowance of only one

surtax exemption and one minimum excess profits credit to certain controlled groups of corporations. The House recedes on amendments Nos. 7 and 8 with conforming amendments and an amendment adding a new section 15 (c) to the code (relating to disallowance of surtax exemptions and minimum excess profits credit) and the House recedes on amendment No. 9.

The new subsection (c) of section 15 applies to the situation where a corporation, on or after January 1, 1951, transfers property (other than money) to one or more corporations created for the purpose of acquiring such property, or to one or more corporations not actively engaged in business at the time of such acquisition, if after such transfer the transferor corporation or its stockholders, or both, are in control of the transferee during any part of a taxable year of such transferee corporation. In such case the transferee corporation shall not be allowed either the $25,000 exemption from surtax or the $25,000 minimum excess profits credit unless it establishes by the clear preponderance of the evidence that the securing of the $25,000 exemption or the $25,000 minimum excess profits credit, or both, was not a major purpose of the transfer of the property to it by the transferor. The term "control" is defined as the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote or at least 80 percent of the total value of shares of all classes of stock of the corporation. Under the amendment the ownership of stock is to be determined in accordance with the provisions of section 503, except that constructive ownership under section 503 (a) (2) is to be determined only with respect to the individual's spouse and minor children. The Secretary, to the extent not inconsistent with the provisions of the new subsection, is granted the same authority as under section 129 (b) to allow in whole or in part a surtax exemption or a minimum excess profits credit which might otherwise be disallowed under the subsection or to apportion such exemption or credit among the corporations involved. For example: Corporation A transfers on January 1, 1952, all of its property to corporations B and C in exchange for the entire stock of such corporations. Immediately thereafter corporation A is dissolved, its stockholders becoming the stockholders of B and C. Assuming that a major purpose for such transfers is to secure additional surtax exemptions and minimum excess profits credits, the Secretary has the authority to allow one such exemption and credit and to apportion such exemption and credit between corporations B and C. It is provided that the subsection shall not be applicable to any taxable year with respect to which the tax imposed by subchapter D of chapter 1 (relating to the excess profits tax) is not in effect. It is not intended that the new subsection shall in any way delimit or abrogate any of the existing provisions of the code (including sec. 129), or any principle established by judicial decision, which have the effect of preventing the avoidance of income or excess profits taxes.

Amendment No. 10: This amendment strikes out all of section 124 of the House bill relating to the computation of an alternative capital gains tax. The House recedes.

Amendment No. 11: This amendment provides, in general, that corporations subject to a tax imposed by chapter 1 of the code for a taxable year ending after March 31, 1951, but prior to October 1, 1951, shall after the date of the enactment of the bill and on or before January 15, 1952, make a return for such taxable year with respect to such tax and such taxable year. The House recedes.

Amendment No. 12: This amendment, which corresponds to section 125 of the House bill, provides the effective date of part II of title I. The House recedes.

Amendment No. 13: This amendment, relating to the computation of tax by certain fiscal year taxpayers, corresponds to subsection (a) of section 131 of the House bill with such changes as are necessary to reflect the normal tax and surtax rates and the termination dates provided by the Senate amendments. The House recedes with amendments conforming to the conference action with respect to the corporate income tax rates.

Amendments Nos. 14, 15, 16, 17, 18, 19, 20, and 21: These amendments are clerical amendments. The House recedes.

Amendment No. 22: This amendment strikes out part I of title II of the House bill providing for the withholding of tax at the source on dividends, interest, and royalties. The House recedes.

Amendment No. 23: This amendment, which corresponds to part II of title II of the House bill (relating to increase in withholding of tax at source on wages) amends section 1622 (a) of the code by changing the percentage rate of withholding from 18 percent to 20 percent in the case of wages paid on or after November 1, 1951, and before January 1, 1954. It also amends section 1622 (c) (1), relating to wage-bracket withholding, to provide new tables which reflect the increased tax rates. It also provides, as did the House bill, for additional withholding of tax on wages upon agreement by employer and employee and provides that the amendments made thereby shall be applicable only with respect to wages paid on or after November 1, 1951. The House recedes.

Amendments Nos. 24, 25, 26, and 27: These amendments are clerical and conforming amendments. The House recedes.

Amendment No. 28: Section 301 of the House bill amended section 12 (c) of the code to provide for a head of a household approximately one-half of the income-splitting benefits provided for a husband and wife who file a joint return. Under the Senate amendment the head of a household was afforded approximately one-fourth of such benefits. The House recedes with an amendment conforming to the House action in affording approximately one-half of such benefits and making the necessary changes in the surtax tables to conform to the conference action with respect to individual income tax rates and effective date provisions.

Amendment No. 29: Under the House bill, a taxpayer might qualify as a head of a household by reason of such household constituting the principal place of abode of a descendant of a stepson or stepdaughter of the taxpayer. Under the Senate amendment, such descendants are eliminated from the category of persons in respect of whom the taxpayer may qualify as head of a household. The House recedes.

Amendment No. 30: This amendment adds subsection (b) to section 301 of the bill to provide that in the case of a head of a household who elects the benefits of section 51 (f) (1) of the code (relating to tax computed by collector in case of wage earners) the tax shall be computed by the collector under supplement T without regard to the taxpayer's status as head of a household. The House recedes.

Amendment No. 31: This amendment amends section 22 (b) (1) of the code (relating to exclusion of life insurance proceeds from gross income) to provide for a limited exclusion for amounts paid by an employer to the beneficiaries of an employee by reason of the employee's death. The House recedes.

Amendment No. 32: This amendment amends sections 113 (a) (5) and (22) (b) (2) of the code to provide that the basis of a survivor's interest in a joint and survivor annuity, the value of which is required to be included in the estate of a decedent annuitant dying after December 31, 1950, shall be considered to be acquired by "bequest, devise, or inheritance" and that such basis (that is, the value of such survivor's interest at the time of the decedent's death) shall be considered, for purposes of determining the amount to be included in the income of the survivor, to be the consideration paid for the survivor's annuity. The House recedes.

Amendment No. 33: This amendment provides for the permanent enactment of section 22 (b) (9) of the code, relating to exclusion from gross income of income attributable to the discharge of certain indebtedness in the case of a corporation which consents to reduction in basis of its properties in an amount equal to the income excluded, and extends for three years the application of section 22 (b) (10), relating to the exclusion of income of a railroad corporation attributable to the discharge of its indebtednes in a receivership proceeding. The amendment is similar to H. R. 2416, which was passed by the House on April 12, 1951 (H. Rept. No. 311). The House recedes.

Amendment No. 34: This amendment makes certain changes in section 22 (b) (13) of the Internal Revenue Code, relating to the additional allowance for certain members of the Armed Forces.

Section 22 (b) (13) of existing law excludes from gross income certain compensation received for active service in the Armed Forces of the United States for any month during any part of which the recipient served in a combat zone after June 24, 1950, and prior to January 1, 1952. This amendment extends this latter date from January 1, 1952, to January 1, 1954.

This amendment also extends the exclusion to certain compensation received for active service in the Armed Forces of the United States for any month during any part of which the recipient was hospitalized at any place as a result of wounds, disease, or injury incurred while serving in a combat zone after June 24, 1950, and prior to January 1, 1954, provided that during all of such month there are combatant activities in some combat zone. The House recedes.

Amendment No. 35: This amendment revises section 22 (d) (6) (F) (iii) of the code, which provision was added to section 22 (d) (6) by Public Law 919 (81st Cong., 2d sess.), so as to vary the application of the rule with respect to replacement of involuntary liquidations of inventories in certain cases where such replacement is made during taxable years ending after June 30, 1950, and prior to January 1, 1953. The effect of the amendment would be to permit the replacement of the World War II involuntary liquidations during taxable years ending after June 30, 1950, and prior to January 1, 1953, without requiring that the involuntary liquidations occurring during such years be first replaced, thus enabling the replacement of the World War II liquidations to be made in time to permit them to qualify for the benefits of section 22 (d) (6). The House recedes.

Amendment No. 36: This amendment amends section 23 (x) (relating to the deduction of medical expenses) by eliminating the 5 percent limitation with respect to the deduction of medical, dental, etc., expenses paid during the taxable year, not compensated for by insurance or otherwise, for the care of the taxpayer or his spouse if either the taxpayer or his spouse attains the age of 65 before the close of the taxable year. The limitation with respect to the maximum deduction allowable under section 23 (x) remains unchanged. The amendment is effective with respect to taxable years beginning after December 31, 1950. The House recedes.

Amendment No. 37: This amendment adds paragraph (7) to section 23 (aa) of the Internal Revenue Code to provide, in general, that an election to take or not to take the standard deduction for any taxable year may be changed after the time prescribed for filing a return for such year. The House recedes.

Amendment No. 38: This amendment is clerical. The House recedes.

Amendment No. 39: Section 302 of the House bill would add a new subparagraph (D) to section 23 (a) (1) of the code providing, in general, that all expenditures paid or incurred after December 31, 1950, in the development of a mine or other natural deposit (other than an oil or gas well), to the extent paid or incurred after the existence of ores or minerals in commercially marketable quantities has been disclosed, shall be deducted ratably as the produced ores or minerals benefited by such expenditures are sold. Section 302 of the House bill also amended section 113 (b) (1) by adding a new subparagraph (J) thereto to provide for adjustment to the basis of the mine or deposit for amounts allowed as a deduction under new subparagraph (D) as added to section 23 (a) (1).

The Senate bill made technical changes in the House provisions and inserted the substance of subparagraph (D) as added to section 23 (a) (1) by the House bill in a new subsection (cc) to be added to section 23 of the code. The Senate bill also added a provision to the new subsection (cc) which, in general, would allow the taxpayer to elect to deduct development expenditures either in the taxable year paid or incurred or ratably during the taxable years in which the produced ores or minerals benefited by such expenditures are sold. The House recedes.

Amendments Nos. 40 and 41: These amendments are clerical. The House recedes.

Amendment No. 42: This amendment changes section 25 (b) (1) (D) of the code to increase the gross income test of a dependent from $500 to $600. The House recedes.

Amendment No. 43: This amendment adds to section 26 (b) of the code a new paragraph to provide for a dividends received credit in the case of dividends received from a foreign corporation (other than a foreign personal holding company) subject to taxation under chapter 1 of the code which for a stipulated uninterrupted period of time has been engaged in trade or business within the United States and has derived during such period 50 percent or more of its gross income from sources within the United States.

The House recedes with an amendment under which the dividends received credit will be allowed with respect to dividends received from such a foreign corporation in an amount equal to—

(A) 85 percent of the dividends received out of its earnings or profits of the taxable year (computed as of the close of the taxable year without diminution by reason of any distributions made during the taxable year) without regard to the amount of the earnings or profits at the time the distribution was made, but such amount shall not exceed an amount which bears the same ratio to 85 percent of such dividends received out of such earnings or profits as the gross income of such foreign corporation for such taxable year from sources within the United States bears to its gross income from all sources for such taxable year, and

(B) 85 percent of the dividends received out of that part of its earnings or profits specified in clause (1) of the first sentence of section 115 (a) accumulated after the beginning of such uninterrupted period, but such amount shall not exceed an amount which bears the same ratio to 85 percent of such dividends received out of such accumulated earnings or profits as the gross income of such foreign corporation from sources within the United States for the portion of such uninterrupted period ending at the beginning of the taxable year bears to its gross income from all sources for such portion of such uninterrupted period.

The determination of earnings or profits distributed in any taxable year shall be made in accordance with section 115 (b) of the code.

The application of this amendment is illustrated by the following example: Corporation A (a foreign corporation filing its return on a calendar year basis) whose stock is 100 percent owned by Corporation B (a domestic corporation filing its return on a calendar-year basis) for the first time engaged in trade or business in the United States on January 1, 1940, and qualified under this amendment for the entire period beginning from that date and ending with December 31, 1951. Corporation A had accumulated earnings or profits of $50,000, immediately prior to January 1, 1940, and had earnings or profits of $10,000 for each taxable year during the uninterrupted period from January 1, 1940, through December 31, 1951. It derived for the period from January 1, 1940, through December 31, 1950, 90 percent of its gross income from sources within the United States, and in 1951 derived 95 percent of its gross income from sources within the United States. During the calendar years, 1940, 1941, 1942, 1943, and 1944 corporation A distributed in each year $15,000; during the calendar years 1945, 1946, 1947, 1948, 1949, and 1950 it distributed in each year $5,000; and during the year 1951, $50,000. For 1951 a dividends-received credit of $31,025 will be given corporation B with respect to the $50,000 received from corporation A, computed as follows:

(1) $8,075 which is $8,500 (85 percent of the $10,000 of earnings or profits of the taxable year) multiplied by 95 percent (the portion of the gross income of A corporation derived during the taxable year from sources within the United States) plus

(2) $22,950 which is $25,500 (85 percent of $30,000 (that part of the earnings and profits accumulated after the beginning of the uninterrupted period)) multiplied by 90 percent (the portion of the gross income derived from sources within the United States during that portion of the uninterrupted period ending at the beginning of the taxable year).

If, in the foregoing example, corporation A for the taxable year 1951 had incurred a deficit of $10,000 (shown to have been incurred prior to December 31), and if it had distributed $50,000 on December 31, 1951, the dividends-received credit which corporation B would receive would be $15,300, computed by multiplying $17,000 (85 percent of $20,000 earnings or profits accumulated after the beginning of the uninterrupted period) by 90 percent (the portion of the gross income from United States sources during that part of the uninterrupted period ending at the beginning of the taxable year).

Amendment No. 44: This amendment adds to section 51 of the code (relating to individual returns) a new subsection (g) providing for the filing of a joint return by a taxpayer and his spouse for a taxable year for which a joint return could have been made under section 51 (b) even though the time prescribed by law for filing the return for such taxable year has expired. This provision is effective with respect to taxable years beginning after December 31, 1950. The House recedes.

Amendment No. 45: This amendment adds section 313 to the bill which relates to income-tax treatment of mutual savings banks, building and loan associations, and cooperative banks, effective with respect to taxable years beginning after December 31, 1951. The House recedes with an amendment.

Subsection (a) of section 313 as agreed to in conference repeals section 101 (2) of the code (relating to exemption from tax of mutual savings banks).

Subsection (b) amends section 101 (4) of the code to repeal the exemption from tax of building and loan associations and cooperative banks. Credit unions without capital stock organized and operated for mutual purposes and without profit will remain tax-exempt under section 101 (4) of the code.

The amendment to section 101 (4) of the code made by subsection (b) will also continue to exempt from tax corporations or associations without capital stock organized prior to September 1, 1951, and operated for mutual purposes and without profit for the purpose of providing reserve funds for, and insurance of, shares or deposits in (A) domestic building and loan associations (as defined in sec. 3797 (a) (19)), (B) cooperative banks without capital stock organized and operated for mutual purposes and without profit, or (C) mutual savings banks not having capital stock represented by shares.

Subsection (c) amends section 454 of the code to add to the list of corporations exempt from the excess profits tax any mutual savings bank not having capital stock represented by shares, any domestic building and loan association (as defined in sec. 3797 (a) (19)), and any cooperative bank without capital stock organized and operated for mutual purposes and without profit.

Subsection (d) amends section 5 (h) of the Home Owners Loan Act of 1933 (48 Stat. 132; 12 U. S. C., sec. 1464 (h)), to remove the language in such section exempting Federal savings and loan associations from Federal income tax, war-profits, and excess profits taxes, in the case of taxable years beginning after December 31, 1951. These associations will not, of course, be subject to the excess profits tax, by reason of the amendment made by subsection (c).

Subsection (e) amends section 23 (k) (1) (relating to deduction from gross income of bad debts) to provide rules with respect to a reasonable addition to a reserve for bad debts in the case of a mutual savings bank not having capital stock represented by shares, a domestic building and loan association, and a cooperative bank without capital stock organized and operated for mutual purposes and without profit. Where 12 percent of the total deposits or withdrawable accounts of the institution's depositors at the close of the taxable year exceeds the sum of its surplus, undivided profits and reserves at the beginning of the taxable year it may take a deduction for a reasonable addition to a reserve for bad debts for such year in any amount determined by it to be a reasonable addition for such year, except that such amount shall not be greater than the lesser of (A) the amount of its net income for such year computed without regard to this provision, or (B) the amount by which such 12 percent of its total deposits exceeds its surplus, undivided profits, and reserves at the beginning of such year. Where the sum of the institution's surplus, undivided profits, and reserves at the beginning of the taxable year equals or exceeds 12 percent of its total deposits or withdrawable accounts at the close of such year, any deduction for such year for a reasonable addition to a reserve for bad debts will be determined under the general provisions of section 23 (k) (1). In determining a deduction for a reasonable addition to a reserve for bad debts, and in determining the sum of the surplus, undivided profits, and reserves, there will be taken into account surplus, undivided profits, and bad debt reserves accumulated prior to the close of December 31, 1951 (i. e., during the period for which the institution was not subject to taxation).

Subsection (f) amends section 23 (r) (relating to the deduction from gross income of certain dividends paid by banking corporations) to provide that in the case of mutual

savings banks, cooperative banks, and domestic building and loan associations (for definition of domestic building and loan associations, see section 3797 (a) (19) as added by section 313 (i) of the bill), there shall be allowed as deductions in computing net income any amounts paid to, or credited to the accounts of, depositors or holders of accounts as dividends on their deposits or withdrawable accounts, if such amounts may be withdrawn on demand subject only to customary notice of intention to withdraw. For example, if an institution has the right to receive 30 days' notice prior to the withdrawal of a deposit or of any amounts paid or credited to the account thereof, the amounts credited will nevertheless be considered as withdrawable on demand subject only to customary notice of intention to withdraw.

Subsection (g) amends section 23 of the code (relating to deductions from gross income) to provide a deduction for repayment of certain loans by a mutual savings bank not having capital stock represented by shares, a domestic building and loan association (as defined in section 3797 (a) (19) of the code) or a cooperative bank without capital stock organized and operated for mutual purposes and without profit. It provides that amounts paid by the taxpayer during the taxable year in repayment of loans made prior to September 1, 1951, by the United States or any agency or instrumentality thereof which is wholly owned by the United States, or by a mutual fund established under the authority of the laws of any State, shall be allowed as a deduction in computing net income of the taxpayer. An example for this purpose of an agency or instrumentality wholly owned by the United States would be the Reconstruction Finance Corporation.

Subsection (h) amends section 104 (a) of the code (defining the term "bank") to include, within the definition of bank, a domestic building and loan association.

Subsection (i) amends section 3797 (a) of the code (relating to definitions for the purpose of the Internal Revenue Code) to define the term "domestic building and loan association" to mean a domestic building and loan association, a domestic savings and loan association, and a Federal savings and loan association, substantially all the business of which is confined to making loans to members. This amendment is of a clarifying nature and is not intended to change the existing meaning of a domestic building and loan association.

Subsection (j) provides that the amendments made by the section shall be applicable only with respect to taxable years beginning after December 31, 1951.

Amendment No. 46: This amendment in general amends section 101 (12) of the code to subject tax-exempt cooperatives to normal tax and surtax on earnings not definitely allocated to the accounts of patrons.

The House recedes with an amendment making a clerical change, and with the following additional amendments. First, it is provided that amounts allocated to patrons with respect to income not derived from patronage, if made after the close of the taxable year and on or before the fifteenth day of the ninth following month, shall be considered as made during the taxable year to the extent such allocations are attributable to income derived before the close of the taxable year. Second, it is made clear that in taking into account patronage dividends to patrons with respect to their patronage in computing the net income of the cooperative, it is immaterial whether such dividends relate to patronage of the taxable year of the cooperative or to patronage of preceding taxable years. Third, the provision of the Senate amendment relating to withholding on patronage dividends in the event withholding is required on corporate dividends is stricken from the bill.

Under the conference agreement, patronage dividends allocated by a cooperative to its patrons will not be treated as taxable income to the cooperative.

Amendment No. 47: This amendment, which adds a new subparagraph (D) to section 102 (d) (1) of the Internal Revenue Code, provides that the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for such year, less the taxes imposed by chapter 1 of the code attributable to such excess, shall be deducted from the net income in computing section 102 net income. However, the fact that such excess is not to be taken into account in the tax basis on which the penalty tax under section 102 is imposed will not prevent capital gains from being taken into consideration in determining whether earnings or profits of a corporation have been permitted to accumulate beyond the reasonable needs of the business. The House recedes.

Amendment No. 48: This amendment amends section 112 (b) (7) of the code (relating to election as to recognition of gain in certain corporate liquidations), so as to make it applicable to cases in which the liquidation is pursuant to a plan adopted after December 31, 1950, and the transfer of all the property under the liquidation occurs within one calendar month in 1951 or 1952. The House recedes.

Amendment No. 49: This amendment amends sections 112 (b) and 113 (a) of the code to provide for the nonrecognition of gain in certain cases, where, pursuant to a plan of reorganization, a shareholder of a corporation which is a party to the reorganization receives stock (other than preferred stock) in another corporation which is a party to the reorganization without the surrender by such shareholder of stock. This amendment is applicable with respect to taxable years ending after the date of the enactment of this act, but applies only with respect to distribution of stock made after such date. The House recedes.

Amendment No. 50: This is a clerical amendment. The House recedes.

Amendment No. 51: Section 303 of the House bill provides in general, that any gain from a sale of property used by the taxpayer as his principal residence will not be recognized if the taxpayer within a period beginning 1 year prior to the date of such sale and ending 1 year after such date purchases property and uses it as his principal residence except to the extent that the taxpayer's selling price of the old residence exceeds his cost of purchasing the new residence. The Senate amendment provides that, where the taxpayer is constructing the new residence, such period shall include 18, rather than 12, months after such sale. If the taxpayer commenced construction of the new residence more than 1 year prior to the date of the sale of the old residence, in determining the taxpayer's cost of building the new residence there will be included only so much of the cost as is attributable to the construction made during the period beginning 1 year prior to the date of the sale of the old residence and ending 18 months after such date. The House recedes.

Amendment No. 52: This is a clerical amendment. The House recedes.

Amendment No. 53: The House bill granted a percentage depletion allowance at the rate of 5 percent in the case of deposits of asbestos, sand, gravel, stone (including pumice, scoria, and slate), brick clay, tile clay, shale, oyster shell, clam shell, granite, and marble. The Senate amendment granted percentage depletion in the case of asbestos at the rate of 10 percent and added to the above list sodium chloride and, if produced from brine wells, calcium chloride, magnesium chloride, potassium chloride, and bromine. The Senate amendment removed slate from the parenthetical clause following stone and included it as a separate item in this 5-percent category. The House bill increased the 5-percent rate of percentage depletion now allowed for coal to 10 percent. The Senate amendment followed this treatment in the case of coal and included in this new 10-percent category those minerals which the House bill would have allowed percentage depletion at a rate of 15 percent. These minerals are borax, fuller's earth, tripoli, refractory and fire clay, quartzite, perlite, diatomaceous earth, metallurgical grade limestone, and chemical grade limestone. The Senate amendment also added wollastonite, magnesite, dolomite, brucite, and calcium and magnesium carbonates to this 10-percent list, and added aplite and garnet to the list now allowed percentage depletion at the 15-percent rate.

The bill, as passed by both the House and Senate, made technical amendments to section 114 (b) (4) (A) which do not alter its substance. The House bill changed the parenthetical clause, stating that thenardite produced from brines or mixtures of brine would be allowed percentage depletion, to state that thenardite, including thenardite from brines or mixtures of brine, would be permitted such allowance. The Senate amendment achieved the same effect by striking the parenthetical clause.

The amendments made by both Houses are applicable only with respect to taxable years beginning after December 31, 1950.

The House recedes with an amendment which restores borax, fuller's earth, tripoli, refractory and fire clay, quartzite, diatomaceous earth, metallurgical grade limestone, and chemical grade limestone to the 15-percent category in which they appeared in the House bill and which removes potassium chloride from the list of minerals to which the Senate bill granted the percentage depletion allowance at the 5-percent rate. Potassium chloride is entitled, under existing law, to percentage depletion allowance at 15 percent. Under the conference agreement calcium carbonates are granted an allowance of 10 percent, while marble, which is a calcium carbonate, receives 5 percent. It is intended, in any case where a mineral is specifically provided for at a stated rate of percentage allowance, that the specific provision will govern over the allowance provided (whether higher or lower) for a more general classification.

It is the intention, in including stone in the 5 percent percentage depletion category, to limit such term to its commonly understood meaning. This depletion would be allowed in the case of common stone which is crushed for use in building roads but would not be allowed in the case of precious stones such as diamonds.

Amendment No. 54: Section 115 (g) (3) of the Internal Revenue Code provides in substance that section 115 (g) (1), relating to the treatment as dividends of amounts distributed in redemption of stock, shall be inapplicable where the redemption is of stock the value of which is included in determining the value of the gross estate of a decedent provided, among other limitations, that the value of the stock in such corporation comprises more than 50 percent of the value of the net estate of the decedent. Under the Senate amendment, the 50-percent limitation would be reduced to 25 percent. The House recedes with an amendment under which the value of the stock of the corporation must comprise more than 35 percent of the value of the gross estate of the decedent. The amendment would be applicable with respect to distributions in redemptions made after the date of enactment of the act.

Amendment No. 55: This amendment amends section 116 (a) of the Internal Revenue Code so as to apply the exemption of earned income received from sources without the United States to (1) an individual citizen of the United States who has been

a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year or (2) an individual citizen of the United States who during any period of 18 consecutive months is physically present in a foreign country or countries for a total of at least 510 full days in such period. Amounts paid by the United States or any agency thereof do not come within the provision of this amendment. The amendment further amends the Internal Revenue Code to adapt the provisions respecting collection of income tax at source on wages to the substantive changes made to section 116 (a) of the code, and to eliminate withholding of Federal income tax with respect to wages which are required by law of any foreign country to be withheld upon for income taxes of such foreign country. The House recedes with a clerical amendment.

Amendments Nos. 56, 57, and 58: These are clerical amendments. The House recedes.

Amendment No. 59: This is a technical amendment conforming to the conference agreement on Senate Amendment No. 1. The House recedes.

Amendments Nos. 60, 61, and 62: These are clerical amendments. The House recedes.

Amendment No. 63: This amendment provides rules for the application of section 117 (j) in cases where land bearing an unharvested crop is sold. The provision applies in cases where the land has been held for more than 6 months. The period that the crop has been on the land is immaterial. The House recedes.

Amendment No. 64: The House bill contained a provision which, effective for taxable years after 1950, amended section 117 (j) (1) of the code to provide that the term "property used in the trade or business" includes livestock held by the taxpayer for draft, breeding, or dairy purposes for 12 months or more. The Senate amendment restates this provision to provide that the term "property used in the trade or business" includes livestock, regardless of age, held by the taxpayer for draft, breeding, or dairy purposes, and held by him for 12 months or more from the date of acquisition. The Senate amendment also provided that the term does not include poultry except that the term does include turkeys regardless of age, held by the taxpayer for breeding purposes, and held by him for 12 months or more from the date of acquisition. The Senate amendment also included rules respecting effective date. The House recedes with an amendment striking out the reference to turkeys. This provision of the bill is not intended to change the present application of section 117 (j) of the code to race horses in any situation in which such race horses fall within the term "property used in the trade or business."

Amendments Nos. 65 through 72: Section 307 of the House bill (which corresponds to section 325 of the Senate bill) extended capital gains treatment to certain coal royalties. The Senate amendments added certain additional rules and conforming amendments to other sections of the code. The House recedes on amendments Nos. 65, 66, 68, 69, 70, 71, and 72, and recedes on amendment No. 67 with an amendment striking out a reference to timber.

Amendment No. 73: This is a clerical amendment. The House recedes.

Amendment No. 74: The House bill provided that the amendments relating to collapsible corporations shall be applicable to taxable years beginning after December 31, 1950. This amendment limits the effective date to taxable years ending after August 31, 1951, and limits the application of the amendment to gains realized after such date. The House recedes.

Amendment No. 75: This is a clerical amendment. The House recedes.

Amendment No. 76: Section 309 of the House bill added a new subsection (n) to section 117 of the code to provide rules for the treatment of capital gains and ordinary losses by a dealer in securities in order to prevent the dealer from obtaining the most beneficial tax result by a shift in securities from one account to another or by insufficient identification of securities alleged to be within a particular account. Under the amendment the provisions of section 117 (n) are made inapplicable to the extent that these provisions are inconsistent with the provisions of section 117 (i) relating to bond, etc., losses of banks. The House recedes.

Amendment No. 77: This amendment strikes out section 310 of the House bill. The House recedes with an amendment which adds a new subsection (o) to section 117 of the Internal Revenue Code so as to provide that in the case of a sale or exchange, directly or indirectly, of depreciable property (1) between husband and wife, or (2) between an individual and a corporation in which he, his spouse, and his minor children and minor grandchildren own more than 80 percent of the value of the outstanding stock, any gain recognized to the transferor shall be considered ordinary income and not capital gain. The transfer of the property can be from the corporation to the stockholder or from the stockholder to the corporation. The property transferred must be property which in the hands of the transferee is property of a character which is subject to the allowance for depreciation provided in section 23 (l) of the code. This amendment shall be applicable only with respect to sales or exchanges made after May 3, 1951.

Amendment No. 78: This amendment adds a new subsection to section 117 of the code, to provide that certain payments received by an employee after the termination of his employment, which under existing law are taxable as ordinary income, shall be treated as gains from the sale or exchange of a capital asset held for more than 6 months. The House recedes with clerical amendments.

Amendment No. 79: This amendment, for which there is no corresponding provision in the House bill, amends section 122 (b) (2) (relating to the amount of net operating loss carry-overs) to provide for a 4-year carry-over of 1948 and 1949 net operating losses by both corporate and noncorporate taxpayers, and for a 4-year carry-over of 1946 and 1947 net operating losses by certain new corporations. The amendments to section 122 (b) (2) are made applicable in computing the net operating-loss deduction for taxable years beginning after December 31, 1948. The House recedes with an amendment which eliminates the provisions of the Senate amendment for the carry-over of 1946 and 1947 net operating losses by new corporations and reduces from four to three the number of years to which 1948 and 1949 net operating losses may be carried forward by all taxpayers.

Amendment No. 80: This amendment amends subsection (d) of section 130A, relating to definition of the term "restricted stock option," to provide that if the grant of an option is subject to stockholder approval, the date of the grant of the option shall be determined as if the option had not been subject to stockholder approval.

The amendment is made effective as if it had been enacted as a part of section 218 of the Revenue Act of 1950. The House recedes with a clerical amendment.

Amendment No. 81: This amendment adds to the bill a new section 331 pursuant to the provisions of which (1) a domestic corporation which owns at least 10 percent of the voting stock of a foreign corporation from which it receives dividends in a taxable year will, for purpose of computing the foreign tax credit of such domestic corporation, be deemed to have paid a proportion of certain foreign taxes paid, or deemed to be paid, by such foreign corporation, and (2) such foreign corporation will, for the purpose of the above computation, be deemed to have paid a proportion of certain foreign taxes paid by any other foreign corporation from which it receives dividends in a taxable year, if the former foreign corporation owns a majority of the voting stock of the latter foreign corporation. The House recedes with a clerical amendment and an amendment pursuant to which (2) above will be operative if the former foreign corporation owns 50 percent or more of the voting stock of the latter foreign corporation.

Amendment No. 82: This amendment amends section 147 of the code to give to the Secretary the authority to require information returns reporting payments of interest, regardless of amount. Under existing law, except in the case of certain payments, information returns may not be required from persons making payment of interest unless the payment is $600 or more. The House recedes with a clerical amendment.

Amendment No. 83: This amendment adds a new section 154 to supplement D of chapter 1 of the code, relating to returns and payment of taxes.

Such section 154 provides that, where any individual dies after June 24, 1951, and prior to January 1, 1954, while in active service as a member of the Armed Forces of the United States, if his death occurred while serving in a combat zone, as determined under section 22 (b) (13) of the code, or at any place as a result of wounds, disease, or injury incurred while so serving, (1) the tax imposed by chapter 1 of the code will not apply with respect to the taxable year in which falls the date of his death, or with respect to any prior taxable year which ended on or after the first day he was so serving in a combat zone after June 24, 1950, and (2) the tax (including interest, additions to the tax, and additional amounts) imposed by chapter 1 of the code and under the corresponding title of each prior revenue law for all taxable years preceding those specified in (1) above, which is unpaid at the date of his death shall not be assessed, and if assessed the assessment shall be abated, and if collected shall be credited or refunded as an overpayment. The House recedes with a clerical amendment.

Amendment No. 84: This amendment amends section 165 (b) of the code, relating to distributions to an employee by a trust which qualifies for exemption under section 165 (a).

Under section 165 (b), amounts distributed or made available to an employee by such a trust (in excess of the employee's contributions) are taxed to the employee only in the years in which distributed or made available and, if the total distributions are paid to the employee in one taxable year on account of the employee's separation from the service, the amount of the distribution (to the extent exceeding the employee's contribution) is taxed at capital gain rates (as from sale or exchange of a capital asset held for more than 6 months).

Under the amendment, where such a total distribution occurs in 1 taxable year, and consists in whole or in part of securities of the employer corporation, that part of the excess (of the amounts distributed over the amount of the employee's contributions) as consists of net unrealized appreciation attributable to that part of the total distributions made in securities of such employer corporation shall be excluded from income in the year of distribution, and shall be subject to tax only when the securities are sold (or otherwise disposed of in a taxable transaction). The amount of the net unrealized appreciation which is excluded shall in the hands of the recipient not be included in

the basis of the stock or other securities distributed.

The House recedes with an amendment providing that the proposed treatment is also to apply to securities issued by a parent or subsidiary corporation of the employer corporation.

Amendment No. 85: Under section 311 of the House bill, the special rule for 1949 and 1950, set forth in section 202 (b) (2) of the code for use in determining the reserve and other policy liability credit of life insurance companies, would have been extended to apply to taxable years beginning in 1951. Under this amendment there is substituted for this provision a system for taxing such companies, but only for taxable years beginning in 1951, which is different from that contained in present law. Under this system, in lieu of allowing life insurance companies an adjustment of their normal tax net income and of their corporation surtax net income, by means of the reserve and other policy liability credit, for purposes of a tax imposed at the regular corporate rates, a low-rate tax is imposed on the normal tax net income of such companies without allowance of any such credit. Under the Senate amendment there is imposed for 1951 a tax equal to 3¾ percent of the first $200,000 of the 1951 adjusted normal tax net income of such companies and 6½ percent of the amount in excess thereof. The House recedes with a clerical amendment.

Amendment No. 86: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 87: This amendment makes technical and clarifying changes in the section of the House bill providing for tax treatment under supplement Q of chapter 1 of the code of certain registered management investment companies certified by the Securities and Exchange Commission as principally engaged in furnishing capital to corporations principally engaged in development or exploitation of inventions, technological improvements, new processes, or products not previously generally available. The House recedes.

Amendment No. 88: This amendment for which there is no corresponding provision in the House bill, makes a minor change in the definition of "system group" contained in section 373 (d) of the Internal Revenue Code. Under this amendment, in determining whether one or more of the corporations in a utility system owns the required 90 percent of each class of the stock of another corporation in the same system, there is disregarded not only stock which is preferred to both dividends and assets, which type of stock may be disregarded for this purpose under present law, but also stock which is limited and preferred as to dividends but which is not preferred as to assets, provided that the total value of such stock is less than 1 percent of the aggregate value of all classes of stock which are not preferred as to both dividends and assets. This amendment is applicable to all taxable years affected by exchanges and distributions made after December 31, 1947. The House recedes with a clerical amendment.

Amendment No. 89: This amendment subjects governmental colleges and universities, and corporations wholly owned by such colleges or universities, to the supplement U tax on their unrelated business net income, effective for taxable years beginning after December 31, 1951. The House recedes with a clerical amendment.

Amendment No. 90: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 91: This amendment provides for retroactive application to taxable years beginning after December 31, 1938, and before January 1, 1951, of the provisions added by the bill to the Internal Revenue Code with respect to the treatment of family partnerships for income tax purposes, which provisions are applicable generally to taxable years beginning after December 31, 1950. The House recedes with an amendment revising the effective date provision to provide that the amendments made by the bill with respect to family partnerships shall be applicable only with respect to taxable years beginning after December 31, 1950, and to provide rules for cases where the taxable year of the partner differs from that of the partnership.

In applying the proposed treatment of family partnerships to taxable years beginning after December 31, 1950, where the taxable year of a partnership begins in 1950 and ends within or with, as to all the family partners, taxable years which begin in 1951, the proposed treatment shall apply to all distributive shares derived by the family partners from the taxable year of the partnership beginning in 1950; however, where a taxable year of the partnership ending in 1951 (whether beginning in 1950 or 1951) ends within or with a taxable year of a family partner which began in 1950, the proposed treatment is not applicable to any of the distributive shares of income derived by the family partners from such taxable year of the partnership.

Amendment No. 92: This amendment, for which there is no corresponding provision in the bill as it passed the House, amends section 127 of the code to provide an alternative treatment of war loss recoveries, applicable at the election of the taxpayer. Under the amendment the amount of the recovery, to the extent that it does not exceed the allowable deductions in prior taxable years on account of the destruction or seizure of property in respect of which the recovery is received, is excluded from gross income for the taxable year in which the recovery is received. In lieu of including such amount in gross income for the taxable year of the recovery, there is to be added to the tax imposed by chapter 1 for such taxable year the total increase in the tax under chapter 1 and chapter 2 for all taxable years which would result by decreasing, in an amount equal to such part of the recovery so excluded, deductions allowable in prior taxable years with respect to the destruction or seizure of the property. To the extent that the amount of the recovery exceeds the allowable deductions in prior taxable years on account of the destruction or seizure of the property, such amount is treated for the taxable year of the recovery as gain on the involuntary conversion of property and is recognized or nonrecognized as provided in section 112 (f). This amendment also provides a new rule for the determination of the unadjusted basis of property where the alternative treatment of the recovery is applicable pursuant to election made by the taxpayer. The House recedes with amendments which revise section 127 (c) (3) (A) and (5), and make minor changes in the phrasing of section 127 (c) (3) (B) and (C) and section 127 (d) (2). The effective date of the amendment is also changed so that it will be applicable to taxable years beginning after December 31, 1941.

Section 127 (c) (3) (A), relating to the definition of "amount of recovery" for the purposes of the new alternative treatment is revised under the conference agreement so that in the case of recovery of the same property or interest considered under section 127 (a) as destroyed or seized, such property or interest may be included in the amount of recovery at its fair market value, determined as of the date of recovery or at the option of the taxpayer at the adjusted basis (for determining loss) of such property or interest in the hands of the taxpayer on the date of the loss. Subparagraph (A) is also revised to provide that for the purposes of section 127 (c) (3) (B) and (C) (but not section 127 (d) (2)) the amount of recovery shall be reduced by the amount of the obligations or liabilities with respect to the property recovered, if the taxpayer for any previous taxable year chose under section 127 (b) (2) to treat such obligations or liabilities as discharged or satisfied out of such property, and such obligations or liabilities were not so discharged or satisfied prior to the date of the recovery.

These two new rules incorporated into section 127 (c) (3) (A) may be illustrated by the following examples:

Example (1): The taxpayer on December 11, 1941, owned Blackacre, a property located in Germany. The adjusted basis of such property in the hands of the taxpayer on such date was $1,000,000. Under section 127 (a) such property was deemed destroyed or seized in the year 1941 and the taxpayer's loss of $1,000,000 was an allowable deduction for such year whether or not the taxpayer claimed such deduction. A recovery with respect to such loss is required to be taken into account under section 127 (c). Assume that in 1946 the taxpayer recovered this property and that on the date of recovery it had a fair market value of $500,000. If the taxpayer elects to proceed under the provisions of section 127 (c) (3), he has an option to include in the amount of the recovery respecting this property either the fair market value on the date of the recovery ($500,000) or an amount equal to the adjusted basis of the property as of the date of the loss ($1,000,000). Assuming the taxpayer had no previous recovery with respect to this property, its unadjusted basis under section 127 (d) (2) for the period subsequent to recovery would be $500,000 or $1,000,000 depending upon whether the taxpayer chose to include the property in the amount of recovery in 1946 at its fair market value on the date of the recovery or its adjusted basis as of the date of loss. If the taxpayer chooses to treat $1,000,000 (the adjusted basis of the property on the date of the loss in 1941) as the amount of the recovery, there would be added to the tax for 1946 the total increase in the tax which would result by decreasing from $1,000,000 to zero the amount of the deduction allowable in 1941 on account of the destruction or seizure of Blackacre. If the taxpayer chooses to treat only $500,000 (fair market value on date of recovery) as the amount of the recovery, there would be added to the tax for 1946 the amount of the total increase in tax resulting from decreasing to $500,000 the amount of the deduction allowable in 1941. If the $1,000,000 allowable as a deduction in 1941 did not result in any tax benefit, then there would be nothing to be added to the tax for 1946, whether the taxpayer chooses the amount of the recovery as $500,000 or as $1,000,000.

Example (2): The taxpayer on December 11, 1941, owned an industrial plant in Germany. The adjusted basis of such property in the hands of the taxpayer on such date was $5,000,000. The property on such date was subject to a mortgage of $3,000,000. Under the provisions of section 127 (b) (2) the taxpayer chose to treat the mortgage as discharged or satisfied out of the property. Assume that in 1946 the taxpayer recovered this property and that on the date of recovery it had a fair market value of $5,000,000, and is still subject to the mortgage of $3,000,000. If the taxpayer elects to have the provisions of section 127 (c) (3) apply, the amount of the recovery respecting this property for the purposes of subparagraph (B) is considered to be $2,000,000. Since this amount is equal to the allowable deduction in 1941 under section 127 (b), all of such amount is excluded from gross income in 1946; however, there is to be added to the income tax for such year the total increase in the tax under chapter 1 and chapter 2 for all taxable years which would result from eliminating the allowable deduction of $2,000,000 in 1941. For the purposes of paragraph

(C) the amount of recovery is likewise considered to be $2,000,000, so that there is no amount to be treated for 1946 as gain from the involuntary conversion of the property. However, this rule which reduces the amount of the recovery on account of liabilities and obligations is not applicable in applying the provisions of section 127 (d) (2). Under that section the amount of the recovery in respect of the property is $5,000,000, and since there was no amount considered as gain upon involuntary conversion of the property in 1946, such amount is not reduced and the basis of the property is $5,000,000.

Under the conference agreement, as under existing law and the Senate amendment, property considered as destroyed or seized under section 127 (a) of the code is considered as not being in existence from the date of the loss to the date of its recovery. Thus, depreciation on the recovered property is not allowable for the period between the date of the loss and the date of the recovery.

Section 127 (c) (5), relating to the election by the taxpayer to have the provisions of section 127 (c) (3) apply to war loss recoveries, has been revised under the conference agreement to provide that if the taxpayer elects to have the provisions of paragraph (3) applicable in any taxable year in which he recovers any money or property in respect of property considered under section 127 (a) as destroyed or seized, the provisions of paragraph (3) shall be applicable to all taxable years of the taxpayer beginning after December 31, 1941. Such election once made is irrevocable. The election by the taxpayer is to be made in such manner and at such time as the Secretary may by regulations prescribe. However, no election may be made after December 31, 1952, by the taxpayer unless he receives war loss recoveries during a taxable year ending after the date of enactment of the Revenue Act of 1951.

If under an election made by the taxpayer the provisions of section 127 (c) (3) are applicable to any taxable year, the period of limitations provided in sections 275 and 276 of the code for the assessment and collection of (1) the amount to be added to the tax for such taxable year under section 127 (c) (3), and (2) any deficiency for such taxable year or for any other taxable year to the extent attributable to the basis of the recovered property being determined under section 127 (d) (2), shall not expire prior to the expiration of 2 years following the date of the making of such election. Any amount and any deficiency specified in clauses (1) and (2) of the preceding sentence may be assessed at any time prior to the expiration of such 2-year period, notwithstanding any law or rule of law which would otherwise prevent such assessment and collection.

Paragraph (5) further provides that if section 127 (c) (3) is applicable to any taxable year pursuant to the taxpayer's election, and credit or refund of any overpayment resulting from the application of section 127 (c) (3) to such taxable year is prevented on the date of the making of such election, or within 1 year from such date, by any law or rule of law (other sec. 3761 of the Internal Revenue Code, relating to compromises), credit or refund of such overpayment may nevertheless be made or allowed if claim therefor is filed within 1 year from such date.

Paragraph (5) further provides that in the case of any taxable year ending before the date of the making by the taxpayer of an election, no interest shall be paid upon any overpayment resulting from the application of the provisions of section 127 (c) (3) to such year, and no interest shall be assessed or collected with respect to any amount or any deficiency specified in clauses (1) and (2) above, for any period prior to the expiration of 6 months following the date of the making of such election by the taxpayer.

Amendment No. 93: This amendment adds a new subsection (ff) to section 23 of the code (relating to deductions from gross income), providing that expenditures paid or incurred during the taxable year for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral, and paid or incurred prior to the beginning of the development stage of the mine or deposit, may be deducted in computing net income for the taxable year, except to the extent that such expenditures exceed $75,000. The subsection further provides that the taxpayer may elect to treat as deferred expense any portion of such deductible amount, in which event such deferred portion shall be deductible on a ratable basis as the units of produced ores or minerals discovered or explored by reason of such expenditures are sold. No deduction may be taken under this new subsection if in any four preceding years (not necessarily consecutive years) the taxpayer, or any individual or corporation (who has transferred to the taxpayer any mineral or ore property under circumstances which make the provisions of pars. (7), (8), (11), (13), (15), (17), (20), or (22) of section 113 (a) of the code applicable to such transfer), has taken a deduction, or elected to treat exploration expenditures as deferred expense, under the new subsection. The House recedes with a clerical amendment.

Amendment No. 94: This amendment would have added a new subsection (n) to section 115 of the code to provide a special rule for the treatment of gain upon the complete liquidation of a corporation where the distribution in liquidation included stock in another corporation to which unimproved real estate had been transferred in anticipation of such liquidation. The Senate recedes.

Amendment No. 95: This amendment adds paragraph (20) to section 3797 of the code to provide in substance that a full-time life insurance salesman who is an employee under the definition contained in the Federal Insurance Contributions Act shall be considered to be an "employee" for the purpose of applying the provisions of chapter 1 (such as sections 22 (b) (2) (B), 23 (p) and 165) which determine the effect of contributions for the benefit of, and distribution to, "an employee" under a stock bonus, pension, profit-sharing, or annuity plan. The amendment is applicable to taxable years beginning after 1938. The House recedes.

Amendment No. 96: This amendment would allow in full, for purposes of computing the net operating loss (as defined by sec. 122 (a) of the code) of a taxpayer other than a corporation, deductions allowable under section 23 (e) (2) (relating to losses incurred in a transaction entered into for profit) and section 23 (e) (3) (relating to losses of property not connected with a trade or business, if the losses arise from fire, storm, shipwreck, or other casualty or from theft). Under existing law, in computing the net operating loss in the case of such a taxpayer, section 122 (d) (5) limits the deductions otherwise allowable under section 23 of the code which are not attributable to a trade or business regularly carried on by the taxpayer to the extent of the gross income not derived from such trade or business. The House recedes with an amendment which removes from the present limitation in section 122 (d) (5) deductions for losses sustained after December 31, 1950, in respect of property, if the losses arise from fire, storm, shipwreck, or other casualty, or from theft. The amendment will enable a taxpayer who is an individual to take such losses into account in computing a net operating loss which may be carried back 1 year or carried forward 5 years. The amendment is made applicable in computing the net operating loss deduction for taxable years ending after December 31, 1948.

Amendment No. 97: This amendment relates to the abatement of tax of certain irrevocable trusts to the extent that the income is owned by any individual who dies on or after December 7, 1941, while in active service as a member of the military or naval forces of the United States or of any of the other United Nations and prior to January 1, 1948.

The House recedes with an amendment which provides, that, in the case of a trust which accumulated income for a beneficiary who died on or after December 7, 1941, and before January 1, 1948, while in active service as a member of the military or naval forces of the United States or of any of the other United Nations, there shall be allowed as a deduction in computing the net income of the trust for any taxable year the income of the trust for such taxable year, before diminution for income taxes with respect thereto, which was, or would have been but for such diminution, accumulated for such beneficiary.

This deduction shall be allowed, however, only if (1) the income accumulated was for a taxable year of the trust which ended with or within a taxable year (ending on or after December 7, 1941) of such beneficiary during any part of which he was a member of such military or naval forces, or, in the case of the taxable year of the trust during which such beneficiary died, the income accumulated was for the period in such taxable year prior to the death of such beneficiary, and (2) the amount of such accumulated income was, without regard to this amendment, taxable to the trust, and (3) the income for such taxable year accumulated for the beneficiary, if not distributed to him prior to his death, was payable by the trust at or after his death only to his estate, spouse, or lineal ancestors or descendants.

Amendment No. 98: This amendment (effective for taxable years ending after the date of enactment of this bill) would require a net worth statement to be filed with the return of any individual who during the taxable year received gross income in excess of $10,000 from one or more unlawful trades or businesses. The Senate recedes.

Amendment No. 99: This amendment amends the life insurance company provisions of the code to provide that the life insurance department of a mutual savings bank is to be taxed as a life insurance company. This amendment is a corollary of amendment No. 45, relating to the taxation of mutual savings banks. The amendment is applicable only with respect to taxable years beginning after December 31, 1951.

The House recedes with an amendment which adds a new section 110 to the code to provide the method for computing the tax of a mutual savings bank authorized under State law to conduct a life insurance business and which conducts such a business in a separate department the accounts of which are maintained separately from the other departments of the bank. The tax is to consist of the sum of (1) a partial tax computed under sections 13 and 15 of the code upon the net income of the bank determined without regard to any items of income or deductions properly allocable to the life insurance department; and (2) a partial tax upon the net income of the life insurance department determined without regard to any items of income or deductions not properly allocable to such department at the rates and in the manner provided in supplement G with respect to life insurance companies. In determining the net income for purposes of such partial taxes no account shall be taken of any transactions between the insurance department and the bank or any other department thereof.

The amendment is applicable only with respect to taxable years beginning after December 31, 1951.

Amendment No. 100: This amendment adds at the end of section 422 (b) of the code (relating to definition of unrelated trade or business for the purpose of determining the unrelated business net income subject to the supplement U tax) a special rule with respect to publishing businesses carried on by colleges and unversities. This amendment is applicable with respect to taxable years beginning after December 31, 1950 and prior to January 1, 1953. The purpose of this amendment is to afford an organization (exempt under sec. 101 (6) and subject to supplement U) which owns a publishing business limited opportunity to conform or relate such publishing business to its educational or other exempt purposes within the time specified in the amendment, and thus be relieved of supplement U tax thereon for taxable years preceding the taxable year in which the activity becomes related. The House recedes with a clarifying amendment.

Amendment No. 101: This amendment, for taxable years beginning prior to January 1, 1954, treats as related, for the purposes of the tax imposed by supplement U, an unrelated trade or business carried on by certain educational organizations. The House recedes with an amendment which adds at the end of section 442 (a) (relating to the definition of unrelated business net income for the purpose of the supplement U tax) a special rule with respect to unrelated trades or businesses carried on in partnership by certain educational organizations. The amendment is applicable with respect to taxable years beginning after December 31, 1950, and prior to January 1, 1954.

Amendment No. 102: This amendment adds a new subsection (e) to section 504 of the code relating to the computation of undistributed subchapter A net income for purposes of the imposition of the surtax on personal holding companies. Subsection (e) will provide for the deduction, for purposes of computing undistributed subchapter A net income, of an amount by which the undistributed subchapter A net income determined without regard to subsection (e) exceeds the amount which could be distributed on the last day of the taxable year as a dividend (1) without the violation of any action, regulation, rule, order, or proclamation made under the Trading With the Enemy Act of October 16, 1917, as amended, or the First War Powers Act of 1941, and (2) not subject to a lien in favor of the United States. The amendment is applicable to taxable years beginning after 1939. The House recedes with a clerical amendment.

Amendment No. 103: This is a technical amendment to provide that the fifth sentence of section 1700 (a) (1) of the code, added by Public Law 124, Eighty-second Congress, shall be stricken from the code as surplusage upon elimination of the second sentence as provided in the House bill. The House recedes.

Amendment No. 104: This amendment retains the substantive provisions of the House bill, but differs therefrom in the following respects:

(a) Whereas the House bill would grant an exemption from the admissions tax in the case of shows or performances the proceeds of which inure exclusively to the benefit of certain organizations, such as religious, charitable, and educational groups, no such exemption would apply, under the Senate amendment, in the case of any motion-picture exhibition. Under the Senate amendment, to come within the exemption privilege, a religious institution must be a church or a convention or association of churches; an educational institution, to be entitled to the exemption, must have a regular curriculum and student body; and a charitable institution must be supported, in whole or part, by Federal or State funds or by contributions from the general public.

(b) The Senate amendment eliminates the pre-1941 exemption in the case of admissions all the proceeds of which inure exclusively to the benefit of societies for the prevention of cruelty to children or animals and the pre-1941 exemption in the case of societies or organizations conducted for the sole purpose of maintaining a cooperative or community center motion-picture theater.

(c) Whereas the House bill would exempt admissions to agricultural fairs and to any exhibit, entertainment, or other pay feature conducted by the fair association as part of the fair, the Senate amendment limits the exemption to the general admission charge to the fair only.

(d) The exemption granted under the House bill in the case of benefits conducted for or on behalf of police or fire departments, their members or heirs has been further limited to provide that the proceeds from such benefits must inure exclusively to the benefit of the police or fire department or to a retirement, pension or disability fund for the members or their heirs.

(e) The Senate amendment also makes it plain that an exemption from the admissions tax is to apply to operas as well as symphonies which receive their support from voluntary contributions.

The House recedes with an amendment which provides an exemption from tax on admissions, the proceeds of which inure exclusively to the benefit of an organization (organized prior to October 1, 1951) which is exempt under section 101 (6) of the code and which is operated for the purpose of conducting an annual chautauqua program of educational, cultural, and religious activities at a permanent location.

The bill restores the provisions of section 1701 (c) of the code without change, so that admissions to concerts conducted by a civic or community membership association (such as orchestras, choral societies, etc.) will be exempt from tax.

Amendment No. 105: This is a clerical amendment. The House recedes.

Amendment No. 106: This amendment grants an exemption from the admissions tax covering admissions (1) to a home or garden which is temporarily opened to the general public as part of a program carried on by a society or organization for such purpose and (2) to historic sites, houses, and shrines, and museums conducted in connection therewith, maintained and operated by a society or organization devoted to the preservation of such places. The House recedes.

Amendment No. 107: This amendment provides that the increase in the rate of tax with respect to cigarettes shall be reduced to the present rate of tax effective January 1, 1954. The House recedes with an amendment fixing the rate reduction date as April 1, 1954.

Amendments Nos. 108 and 109: These are clerical amendments. The House recedes.

Amendment No. 110: This amendment makes provision for a floor-stocks refund on tax-paid cigarettes which are held for sale on January 1, 1954, the rate reduction date specified in the bill as passed by the Senate. The House recedes with an amendment fixing April 1, 1954, as the inventory date to correspond with the change made in the rate reduction date and an amendment fixing July 1, 1954, as the date before which claims for refund must be filed.

Amendment No. 111: This amendment provides for a reduction in the rate of tax on snuff and chewing and smoking tobacco from 18 cents per pound to 10 cents per pound. The House recedes with a technical amendment.

Amendment No. 112: This amendment strikes out the provisions of section 431 of the House bill imposing a retailers' excise tax upon mechanical lighters for cigarettes, cigars, and pipes. Such articles will be taxed at the manufacturers' level at the rate of 15 percent (see amendment No. 189). The House recedes.

Amendments Nos. 113 and 114: These amendments are clerical. The House recedes.

Amendments Nos. 115 and 116: These amendments provide that the retailers' excise tax shall not apply with respect to the sale of miniature samples of cosmetics, toilet articles, lotions, powder, etc., taxable under section 2402 (a) of the code, made by a manufacturer or distributor to a house-to-house salesman for demonstration purposes only unless such samples are resold by the salesman. The House recedes.

Amendment No. 117: This amendment is clerical. The House recedes.

Amendment No. 118: This amendment strikes out all of the provisions of the House bill relating to the imposition of a tax of 2 cents per gallon upon any liquid sold or used as a fuel in a Diesel-powered highway vehicle. The House recedes with an amendment which restores the House provisions but provides that effective April 1, 1954, the rate of tax on such fuel will be reduced to 1½ cents per gallon.

Amendments Nos. 119 and 120: These amendments are clerical. The Senate recedes.

Amendments Nos. 121 and 122: These amendments provide that the increase in tax imposed with respect to distilled spirits generally and to imported perfumes containing distilled spirits shall be reduced to the present rate of tax effective January 1, 1954. The House recedes with an amendment fixing April 1, 1954, as the rate reduction date in lieu of January 1, 1954.

Amendments Nos. 123, 124, 125, and 126: These amendments are clerical. The Senate recedes.

Amendments Nos. 127, 128, and 129: These amendments provide that the increase in tax with respect to wines of the various classifications specified shall be reduced to the present rate of tax effective January 1, 1954. The House recedes with an amendment providing that the rate reduction date shall be April 1, 1954.

Amendment No. 130: This amendment is clerical. The Senate recedes.

Amendment No. 131: This amendment provides that the increase in tax imposed with respect to certain sparkling wines, liqueurs, and cordials shall be reduced to the present rate of tax effective January 1, 1954. The House recedes with an amendment establishing the rate reduction date as April 1, 1954.

Amendments Nos. 132, 133, 134, 135, and 136: These are clerical amendments. The Senate recedes.

Amendment No. 137: This amendment provides that the increase in the rate of tax imposed with respect to fermented malt liquors shall be reduced to the present rate of tax effective January 1, 1954. The House recedes with an amendment providing that the rate reduction date shall be April 1, 1954.

Amendments Nos. 138, 139, and 140: These amendments are clerical. The Senate recedes.

Amendment No. 141: This amendment provides for floor stocks refunds with respect to tax-paid distilled spirits, wine, and beer held for sale upon the termination of the tax rate increases proposed for these products in the bill. The House recedes with an amendment fixing the inventory date to be used in determining the amount of refunds as April 1, 1954, in lieu of January 1, 1954, and with a clerical amendment.

Amendment No. 142: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 143: This is a clerical amendment. The House recedes with a clerical amendment.

Amendments Nos. 144, 145, and 146: These amendments are clerical. The Senate recedes.

Amendments Nos. 147, 148, and 149: These amendments provide that the increase in the occupational tax for wholesale dealers in liquor, retail dealers in liquor, and wholesale dealers in malt liquor, respectively, shall be reduced to the present rate on and after January 1, 1954. Under the House bill, the increase in rates was permanent. The Senate recedes.

Amendment No. 150: This amendment is clerical. The Senate recedes.

Amendment No. 151: The House bill provided for an increase in the rate of drawback on distilled spirits used in certain nonbeverage products. The Senate amendment makes technical revisions in this provision so as to provide for reduction of the amount of draw-back after December 31, 1953, to correspond with the reduction in the rate of tax on distilled spirits on and after January 1, 1954. The House recedes with clerical amendments and with an amendment providing that the reference to drawbacks made after December 31, 1953, shall be changed to March 31, 1954, to take into account the change in the rate reduction date.

Amendment No. 152: This amendment is clerical. The Senate recedes.

Amendment No. 153: This amendment eliminates the increase in tax proposed under the House bill on bowling alleys and billiard and pool tables. The House recedes.

Amendment No. 154: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 155: This is a clerical amendment. The Senate recedes.

Amendment No. 156: This is a clerical amendment. The House recedes with a clerical amendment.

Amendments Nos. 157, 158, 159, 160, 161, and 162. These amendments are clerical. The Senate recedes.

Amendment No. 163: This amendment is technical and makes it clear that any person who is liable for tax under subchapter A of chapter 27A of the code, as added by the bill, or who is engaged in receiving wagers for or on behalf of any person so liable, and who commenced the activity which makes him subject to tax, or who was engaged in receiving such wagers, prior to the day on which such tax becomes effective shall be required to pay the special tax imposed by subchapter B of chapter 27A. The House recedes with clerical amendments.

Amendments Nos. 164 and 165: These are clerical amendments. The Senate recedes.

Amendment No. 166: This amendment provides that the increase in the rate of the manufacturers' excise tax with respect to trucks, busses, etc., shall revert to the present rate of tax effective January 1, 1954. The House recedes with an amendment providing that the rate reduction date shall be April 1, 1954.

Amendment No. 167: This amendment eliminates the present tax of 7 percent upon the sale of house trailers, including parts and accessories therefor. This amendment will become effective on the first day of the first month which begins more than 10 days after the date of enactment of the bill, thus, the tax would apply with respect to the sale of house trailers made prior to such effective date and notwithstanding that such purchases may be paid for on an installment plan after such date. A house trailer would be considered as sold prior to such effective date if the right of possession thereto passed to the purchaser prior to such effective date.

The amendment also provides that the increase in the rate of the manufacturers' excise tax with respect to automobile chassis and bodies, motorcycles, trailers, and semitrailers (other than house trailers) suitable for use in connection with automobiles, shall revert to the present rate of tax with respect to sales made on and after January 1, 1954. The House recedes with an amendment providing that the rate reduction date shall be April 1, 1954.

Amendment No. 168: This amendment provides that the increase in the rate of the manufacturers' excise tax with respect to parts and accessories for automobiles shall revert to the present rate of tax with respect to sales made on and after January 1, 1954. The House recedes with an amendment providing that the rate reduction date shall be April 1, 1954.

Amendment No. 169: This is a technical amendment. The House recedes.

Amendment No. 170: This is a clerical amendment. The Senate recedes.

Amendment No. 171: This is a technical amendment. The House recedes.

Amendment No. 172: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 173: This amendment provides that a manufacturer of refrigerator components may sell such components tax free to a wholesaler or dealer if such components are purchased for resale to a manufacturer of refrigerator equipment and provided the regulations prescribed by the Secretary of the Treasury relating to such sales are complied with. The House recedes with clerical amendments.

Amendment No. 174: This amendment (a) revises the taxable list of sporting goods in the House bill to exclude baseballs and baseball equipment, (b) reinstates certain items taxable under present law but excluded under the House bill, (c) retains the present 10 percent rate of tax with respect to fishing equipment, and (d) increases the rate of tax, like the House bill, with respect to the remaining sporting equipment to 15 percent. The House recedes, with an amendment providing that snow toboggans and sleds 60 inches or less in length shall not be subject to tax and that the increase in the rate of tax shall revert to the present rate of tax effective April 1, 1954.

Under the provisions of the Act of August 9, 1950 (the Dingell-Johnson Act), an amount equal to the revenue accruing from the tax on fishing rods and equipment is authorized to be appropriated for assistance to the States for fish restoration and management projects. The amendments made by this bill will not affect such authorization nor the permanency of such Act.

Amendment No. 175: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 176: This is a clerical amendment. The House recedes.

Amendment No. 177: This is a clerical amendment. The Senate recedes.

Amendment No. 178: This amendment strikes out electric direct motor-driven fans and air circulators of the industrial type and electric air heaters of the blower type from the list of items subject to the manufacturers' excise tax under section 3406 (a) (3) of the code. Senate amendment No. 182 exempts from the tax all appliances listed in such sections which are of the industrial type.

The House recedes with an amendment which provides that the tax imposed by section 3406 (a) (3) of the code shall not apply to electric direct motor-driven fans and air circulators of the industrial type, and shall apply in the case of all other appliances listed in section 3406 (a) (3), including those added to such list by the bill, only to such appliances of the household type.

Amendment No. 179: This is a clerical amendment. The House recedes with a technical amendment to conform to the action of the conferees with respect to amendment No. 178.

Amendment No. 180: This amendment adds electric exhaust blowers to the list of items subject to the manufacturers' excise tax. The House recedes.

Amendment No. 181: This amendment strikes out the provision of the House bill which would have added electric shavers to the list of appliances subject to the manufacturers' excise tax under section 3406 (a) (3) of the code, and adds electric garbage-disposal units to such list. The House recedes with an amendment which omits both items from the list of appliances subject to the tax.

Amendment No. 182: This amendment provides that the tax imposed by section 3406 (a) (3) will not apply to appliances of the industrial type. The substance of this amendment is covered by the action of the conferees with respect to amendment No. 178. The Senate recedes.

Amendment No. 183: This amendment makes the provisions of section 3441 (b) (relating to sale price of a taxable article) applicable to a situation where a manufacturer has a plan of negotiating the sale of an article to the ultimate user for and on behalf of the retailer of such article. The Senate recedes.

Amendment No. 184: The House removed certain items from the list of articles subject to the manufacturer's excise tax on photographic apparatus, imposed by section 3406 (a) (4) of the code, and subjected the items upon which the tax is retained to a uniform 20 percent rate.

The Senate amendment (a) retains the present list of photographic items subject to tax and subjects such items to a uniform tax rate of 15 percent with respect thereto and (b) provides that the tax on a sale of unexposed 35-millimeter color positive-print motion-picture film shall be computed, in lieu of on the price for which so sold, on the price for which an equivalent quantity of unexposed 35-millimeter black-and-white positive-print motion-picture film is sold. The House recedes with an amendment which restores the House provision with a clerical amendment.

Amendment No. 185: This is a clerical amendment. The House recedes with a clerical amendment.

Amendments Nos. 186 and 187: These are clerical amendments. The House recedes.

Amendments Nos. 188 and 189: The House bill imposed a manufacturers' excise tax, at a rate of 20 percent, on mechanical pencils, fountain pens, and ball point pens. Senate amendment No. 189 adds to this list mechanical lighters for cigarettes, cigars, and pipes (the House had imposed a tax on these items at the retail level; see amendment No. 112), and Senate amendment No. 188 provides a rate of tax of 10 percent on all these items. The House recedes on amendment No. 189, and recedes with an amendment on amendment No. 188 fixing the rate of tax on these items at 15 percent.

Amendment No. 190: This is a technical amendment. The House recedes.

Amendment No. 191: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 192: This is a clerical amendment. The House recedes.

Amendment No. 193: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 194: This amendment provides that the increase in the rate of tax on gasoline shall be reduced to the present rate of tax effective January 1, 1954. The House recedes with an amendment fixing the rate reduction date as April 1, 1954.

Amendments Nos. 195, 196, and 197: These are clerical amendments. The House recedes on amendments Nos. 195 and 196 and recedes with a clerical amendment on amendment No. 197.

Amendment No. 198: This is a technical amendment. The House recedes with a further technical amendment providing that

the credit and refund provisions of section 3443 of the code shall be applicable to the floor stocks tax imposed on gasoline.

Amendment No. 199: This amendment provides for a floor stocks refund on certain gasoline held for sale on January 1, 1954, the date provided by Senate amendment No. 194 for termination of the increase in tax on gasoline. The House recedes with an amendment fixing April 1, 1954, as the inventory date to correspond with the change made in the rate reduction date.

Amendment No. 200: This is a clerical amendment. The House recedes with a clerical amendment.

Amendments Nos. 201, 202, and 203: These are clerical amendments. The Senate recedes.

Amendment No. 204: The House bill reduced the rate of tax on domestic telegraph, cable, or radio dispatches from 25 percent to 20 percent. The Senate amendment further reduces the rate of tax to 15 percent. The House recedes.

Amendments Nos. 205, 206, 207, 208, and 209: These are clerical amendments. The House recedes.

Amendment No. 210: This amendment provides that no tax shall be imposed under section 3465 (a) (1) (A) of the code on any payment received for any telephone or radio telephone message which originates within a combat zone, as defined in section 22 (b) (13), from a member of the Armed Forces of the United States performing service in such combat zone. The House recedes with a clerical amendment.

Amendment No. 211: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 212: This amendment strikes out the provisions of the House bill which would impose a tax on the transportation of crude petroleum and liquid products thereof by water from one point in the United States to another when such transportation is performed by the owner of the crude petroleum and liquid products thereof. The House recedes.

Amendment No. 213: This amendment provides that no tax shall be imposed with respect to the transportation of persons by water on a vessel which makes one or more intermediate stops at ports within the United States, Canada, or Mexico on a voyage which begins or ends in the United States and ends or begins outside the northern portion of the Western Hemisphere if the vessel in stopping at such intermediate ports is not authorized both to discharge and to take on passengers. The House recedes with a clerical amendment.

Amendment No. 214: This amendment provides that section 3475 of the code, relating to the tax on the transportation of property, shall not apply to the transportation of earth, rock, or other material excavated within the boundaries of, and in the course of, a construction project and transported to any place within, or adjacent to, the boundaries of such project. The House recedes with an amendment providing that the determination as to the applicability of the tax imposed by section 3475 in the case of the transportation of any excavated material, other than transportation to which the amendment made by this subsection applies, shall be made as if this subsection had not been enacted and without inferences drawn from the fact that the amendment made by this subsection is not expressly applicable to the transportation of such other material.

Amendment No. 215: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 216: This amendment provides for a refund of tax on cigarettes, distilled spirits, wine, and beer equal to the difference between the tax paid on such items and the amount of tax made applicable on and after January 1, 1954, brought from a foreign trade zone into customs territory of the United States on and after January 1, 1954, the rate reduction date specified with respect to the taxable articles in question. The House recedes with a clerical amendment and with an amendment fixing the determinative date as April 1, 1954, in lieu of January 1, 1954.

Amendment No. 217: This amendment provides that the Secretary of the Treasury is authorized and directed to make refund, or allow credit, in the case of a distiller or rectifier, if he so elects, in the amount of the internal revenue tax and customs duties paid on spirits previously withdrawn, and lost or rendered unmarketable by reason of the 1951 floods, provided certain conditions are met. The House recedes with a clerical amendment.

Amendment No. 218: This amendment is clerical. The House recedes.

Amendment No. 219: This amendment, for which there is no corresponding provision in the bill as passed by the House, provides in a new subsection (e) (1) of section 430 for the computation of an alternative amount of excess profits tax for each of the first five taxable years of corporations which commenced business after July 1, 1945. The amount computed thereunder would be the maximum excess profits tax if less than the amount computed under section 430 (a) (2). Under the Senate amendment, the maximum tax would not exceed the following percentages of the first $400,000 of the excess profits net income: 5 percent if the taxable year is the first or second taxable year (determined from the commencement of business), 8 percent for the third taxable year, 11 percent for the fourth taxable year, and 14 percent for the fifth taxable year. Under the Senate amendment, if, for any such year the excess profits net income exceeds $400,000, the excess over $400,000 is subject to the same maximum tax as in the case of other corporations.

The amendment also provides rules in subsection (e) (2) for determining, for the purpose of the subsection, when a taxpayer shall be considered to have commenced business and to have had taxable years determined by reference to the date of commencement of business of certain other corporations. It contemplates that the Secretary will, by regulations, provide for the determination of constructive taxable years by reference to the annual accounting period first established by the taxpayer.

The Senate amendment also provides, in effect, that the benefits of the special limitation provisions under section 430 (e) (1) shall be denied to any taxpayer which derives more than 50 percent of its income for the taxable year from contracts or subcontracts to which title I of the Renegotiation Act of 1951 or to which any prior renegotiation act is applicable.

The House recedes with an amendment. Paragraph (1) of subsection (e) is amended to make it clear that the provision is applicable only to taxpayers whose fifth taxable year ends after June 30, 1950. Clauses (ii) and (iii) of subparagraph (E) of subsection (e) (1) are amended to conform the percentage figures specified therein to those provided by the conference agreement on Senate amendment No. 6. A change is made in each of subparagraphs (A) to (D), inclusive, of subsection (e) (1), which makes the percentages therein specified applicable to only the first $300,000 of excess profits net income instead of to the first $400,000 of such income as provided in the Senate amendment, and a conforming amendment is made to subsection (e) (1) (E). Amendments are made to paragraph (2) of subsection (e) to make clear that in determining a constructive date of commencement of business and constructive taxable years from such date thereunder, a new determination shall be made each taxable year in the light of the facts for such year. An additional amendment is made to clause (i) of subparagraph (E) to make clear that such clause applies without regard to the provisions of section 445 (g) (1). An additional amendment is made to clause (ii) of such subparagraph to make clear that, for the purpose of such clause, a person shall not be considered a member of a group of persons who control the taxpayer and another corporation unless during the period specified in such clause he owns stock in the corporation at a time when the members of the group control such corporation and he owns stock in the taxpayer at a time when the members of the group control the taxpayer. A change is made in subparagraph (B) of paragraph (2) of subsection (e) to the effect that transactions described in clauses (i) and (iii) shall be disregarded in determining the date as of which the taxpayer shall be considered to have commenced business if the adjusted basis of the aggregate assets acquired by the taxpayer in such transactions before December 1, 1950 (or acquired in the ordinary course of business in replacement of such assets), constituted less than 20 percent of the adjusted basis of the taxpayer's total assets as of December 1, 1950. A change is also made in paragraph (3) of subsection (e) to provide that the gross income of the taxpayer for the taxable year from contracts and subcontracts subject to renegotiation shall, for the purpose of applying the limitation provided by such paragraph, be determined without regard to capital gains and dividends received. Such gross income is the gross income after renegotiation.

Amendment No. 220: This amendment, for which there is no corresponding provision in the House bill, provides for exclusion in the computation of excess profits net income, for both excess profits tax taxable years and base period years, of payments made to a domestic corporation by its related foreign corporation as remuneration for certain technical services rendered. The House recedes with clarifying amendments and an amendment which amends the definition of related foreign corporation to provide that, in order to be a related corporation, 10 percent or more of the stock of the foreign corporation must be owned by the domestic corporation at the time the specified services are rendered.

Amendment No. 221: This amendment adds section 503 to the bill, for which there is no corresponding section in the House bill. This section permits a taxpayer with a fiscal year beginning before January 1, 1950, and ending after March 31, 1950, in computing its average base period net income under the general average method provided by section 435 (d) of the code, to use the period of 48 consecutive months ending March 31, 1950, instead of its base period, if such computation produces a lesser excess profits tax for the taxable year.

The House recedes with an amendment which provides that the excess profits net income for the first 3 months of 1950 shall be subject to the percentage limitations provided in section 435 (e) (2) (E) if such months fall in a taxable year ending after June 30, 1950.

Amendment No. 222: This amendment extends to a new corporation which commenced business before the end of its base period the right to qualify under section 435 (e) of the code for the alternative average base period net income based on growth for the purpose of determining its excess profits credit based on income. The House recedes with technical amendments.

Amendment No. 223: This amendment extends the benefits of section 435 (e) (2) (G) (special alternative average base period net income for a corporation whose excess profits net income for 1949 is not more than 25 percent of its excess profits net income for

1948) to a taxpayer qualifying for growth treatment under section 435 (e) (1) (B) even though it also qualifies as a growth corporation under section 435 (e) (1) (A). The House recedes.

Amendment No. 224: This amendment, for which there is no corresponding section in the House bill, provides limitations in the case of a bank, as defined in section 104 of the code, on the amount of the inadmissible asset adjustment to the net capital addition or reduction for the taxable year, to the net new capital addition for the taxable year, and to the base period capital addition. This amendment also amends section 435 (f) (relating to capital additions in the base period) to make clear that the yearly base period capital of any taxpayer (whether or not a bank) shall not be reduced below zero by the inadmissible asset adjustment.

The House recedes with clarifying amendments and with an amendment dealing with the effective date of the provision applicable to the base period capital addition of banks, making such provision retroactive only at the election of the taxpayer.

Amendment No. 225: This amendment, for which there is no corresponding provision in the House bill, adds two new paragraphs (9) and (10) to section 435 (g) (relating to net capital addition or reduction) in order to provide, if certain conditions are met, that a decrease in inadmissible assets, to the extent in excess of the net capital reduction (if any) for the taxable year, shall be an addition to the excess profits credit computed under the income method. The principal condition to be met is that where there is a decrease in inadmissible assets there must also be a corresponding increase in operating assets before any increase in the credit is allowed.

The House recedes with clarifying amendments and with an amendment providing a special rule for the treatment of a decrease in inadmissible assets in the case of a bank.

Amendment No. 226: This amendment, for which there is no corresponding provision in the bill as passed by the House, permits a dealer in wholly tax-exempt Government securities to elect to increase its excess profits net income by the interest (with certain adjustments) on such obligations, and to treat such obligations as admissible assets. The House recedes with a technical amendment and an amendment which extends the application of the section to Government obligations any part of the interest from which is allowable as a credit against net income.

Amendment No. 227: This amendment adds section 509 to the bill, for which there is no corresponding provision in the bill as passed by the House. Section 509 adds a new subsection (h) to section 442 (relating to abnormalities during the base period) which in general permits a taxpayer in certain cases, after selecting the 36 months in the base period which result in the highest excess profits net income or lowest deficit in excess profits net income, to eliminate from such 36 months the 12 months having the lowest excess profits net income, or highest deficit, and to use a substitute excess profits net income computed under section 442 (e) for such 12 months. As passed by the Senate, the provision was applicable only to a taxpayer which commenced business before the beginning of its base period and only if the aggregate of the excess profits net income for each of the 12 months for which a substitute excess profits net income is to be computed is less than 35 percent of one-half of the aggregate of the excess profits net income for each of the 24 months remaining after selecting the 12 months to be so adjusted.

The House recedes with technical amendments, and also adds other amendments which further limit the application of this new subsection. The first of these additional limitations requires that in order to be entitled to the benefits of subsection (h), the taxpayer's normal production, output, or operation must be interrupted or diminished because of the occurrence (in the 12 months prior to the period for which a substitute excess profits net income is computed) of events unusual or peculiar in the experience of the taxpayer. Under this limitation there is no requirement that a causal connection be shown between the event and a decline in excess profits net income in the period for which a substitute excess profits net income is to be used.

The second limitation added by the conference agreement appears as a new sentence added to paragraph (1) and prevents a taxpayer from using new subsection (h) in cases where the aggregate excess profits net income for the 24 months, which remain after selecting the 12 months for which a substitute excess profits net income is to be computed, is an amount less than zero.

Amendment No. 228: This amendment provides that in determining total assets under section 442 (f), to which factor the industry rates of return are applied in computing average base period net income under various excess profits tax relief formulas, the sum of the cash and other property included shall be reduced by the amount of the indebtedness (other than that included in the definition of borrowed capital) to a member of a controlled group which includes the taxpayer. The House recedes with an amendment changing the effective date from taxable years ending after the date of enactment of the bill to taxable years ending after June 30, 1950.

Amendment No. 229: This amendment changes section 443, which section provides for the case of a change in products or services occurring during the last 36 months of the base period, so as to include certain base period commitments. The House recedes.

Amendment No. 230: This amendment provides that in determining total assets under section 445 (c), which factor is used by a new corporation in computing its average base period net income for any of its first three years (if that year is an excess profits tax taxable year), the net capital addition or reduction shall be computed without regard to the 75 percent limitation as to borrowed capital and loans to members of a controlled group. The House recedes.

Amendment No. 231: This amendment provides that a corporation engaged as a common carrier in the furnishing or sale of transportation of oil or other petroleum products (including shale oil) by pipeline shall be eligible to qualify under section 448 for the alternative excess profits credit provided for regulated public utilities if such corporation is subject to the jurisdiction of a public service or public utility commission or other similar body of the District of Columbia or of any State. The House recedes with an amendment requiring that the rates for such furnishing or sale be subject to the jurisdiction of the public service or public utilities commission.

Amendment No. 232: This amendment provides that for the purpose of filing a consolidated return with its railroad lessee corporation (using the alternative credit provided by section 448 for regulated public utilities), a railroad lessor corporation meeting certain requirements shall be considered a corporation subject to section 448. The House recedes.

Amendment No. 233: This amendment adds section 515 to the bill, for which there is no corresponding section in the bill as passed by the House. Section 515 allows to producers of potash, sulfur, and metallurgical grade and chemical grade limestone the alternative method for computing nontaxable income from exempt excess output provided in section 453 (b) (2) of the code where the properties were in operation during the normal period. Where these mineral properties were not in operation during the normal period, the net income from such properties is accorded the benefits of section 453 (b) (4) now available in the case of metal and coal mines, timber blocks, and natural-gas properties. The House recedes.

Amendment No. 234: This amendment, for which there is no corresponding provision in the House bill, adds section 459 (a) to the code to provide a special credit for certain corporations under specified circumstances relating to a transition from wartime to peacetime production and to an increase in peacetime capacity. The House recedes with clarifying amendments.

Amendment No. 235: This amendment adds section 517 to the bill. There is no corresponding section in the House bill. Section 517 amends section 459, as added to the code by section 516 of the Senate amendment No. 234, by adding a new subsection (b). This new subsection grants to a taxpayer which suffered a catastrophe during the last 36 months of its base period, if certain conditions are met, two alternative methods of computing its average base period net income. The taxpayer may use whichever results in the lesser excess-profits tax for the taxable year. The first alternative allows such a taxpayer to substitute for the excess profits net income for each month of the taxable year in which the catastrophe occurred, the average of the excess profits net income for the months in the base period preceding the taxable year in which the catastrophe occurred. If the taxpayer computes its average base period net income under the first alternative, it will not be denied the benefits of its base period capital addition. The second alternative allows the taxpayer to compute its average base period net income under the growth alternative of section 435 (e) (2) (G) (i) and (ii) of the code.

The House recedes with technical amendments which separate new subsection (b) into two paragraphs. The first paragraph sets forth eligibility requirements, and the second paragraph sets forth the computation of average base period net income under this subsection.

Amendment No. 236: This amendment, for which there is no corresponding provision in the House bill, adds a new subsection (c) to section 459 of the code, and is applicable in the case of a taxpayer engaged primarily in the newspaper-publishing business which, after the first half of its base period and before July 1, 1950, consolidated its mechanical, circulation, advertising, and accounting operations with such operations of another newspaper-publishing corporation in the same area. In order to be eligible for the benefits of this subsection the taxpayer must meet certain specified requirements.

In the case of a taxpayer eligible for the benefits of this subsection, the average base period net income under the Senate amendment shall be an amount computed under section 435 (d) plus an amount equal to the excess of the average of the amounts paid or incurred as expenses in the conduct of the mechanical, circulation, etc., operations during the two taxable years of the taxpayer next preceding the taxable year in which such consolidation began over such amounts paid or incurred during the first taxable year of the taxpayer beginning after such consolidation. The expenses referred to are those which are taken into account in computing net income. This section is inapplicable to any taxable year of the taxpayer unless the consolidation was continued throughout such taxable year.

The House recedes with amendments, one of which provides that the eligibility requirements in paragraphs (3) and (4) section 459 (c) shall be in the alternative. Another amendment provides that in determin-

ing the excess amount of expenses proper adjustment shall be made for increases in the unit cost of labor and newsprint (due to wage and price increases) following such consolidation. It is contemplated that such adjustment shall be made in accordance with regulations prescribed by the Secretary. The House also adds an amendment to provide for appropriate adjustments for any case in which a taxable year referred to in this new subsection is a period of less than 12 months.

Amendment No. 237: This amendment, for which there is no corresponding provision in the House bill, provides a special credit for corporations beginning the television broadcasting business before January 1, 1951. It provides for a computation of an individual rate of return in the case of corporations engaged in the radio and television broadcasting business and for an application of such rate of return (or of the industry rate of return for the industry which includes radio broadcasting) to the assets of the taxpayer employed in the radio and television broadcasting business, or in the case of an acquisition of the television broadcasting business after the base period, to its assets employed only in the television business. In the case of a corporation engaged solely in radio and television broadcasting, this rate of return is applied to its total assets. In the case of a corporation engaged in another business or businesses, the credit includes an average base period net income computed with respect to such other business or businesses. The House recedes with an amendment providing in all cases that the industry rate of return or the individual rate of return, as the case may be, shall be applicable only to the assets of the corporation used in the television broadcasting business. The amendment also provides that the average base period net income computed in connection with the taxpayer's nontelevision business shall be only the average base period net income computed under section 435 (d) (relating to the general average of earnings during the base period); that the base period capital addition shall be allowable with regard to the taxpayer's nontelevision business; and that, in the case of corporations which first engaged in the television broadcasting business after the close of the base period and before January 1, 1951, the television assets against which the industry rate of return or the individual rate of return are to be applied shall be those held on the last day of the calendar month in which the corporation first engaged in the television broadcasting business.

The House amendment changes the provision in the Senate amendment for the elimination of duplication in the computation of a credit under this section by providing specifically the method to be used in eliminating such duplication. It is provided that if any portion of the television assets used in computing the television portion of the credit was acquired, directly or indirectly, by the use of assets attributable at any time during the base period to a business of the taxpayer other than television broadcasting, the excess profits net income with respect to such other business shall be properly adjusted by eliminating the portion thereof attributable to the assets used in the acquisition of the television properties for months prior to such acquisition. The excess profits net income attributable to such assets is determined by reference to the ratio of such assets to the total assets of the taxpayer other than properties used in television broadcasting.

Amendment No. 238: This amendment adds a base period commitment rule under section 444, which section provides for the computation of the average base period net income by applying a base period industry rate of return to the total assets of the taxpayer in case of an increase in capacity for production or operation occurring during the last 36 months of the base period. The House recedes with an amendment revising the Senate provision. As amended, the commitment rule provides that if, during the first taxable year ending after June 30, 1950, the taxpayer completed construction of a factory building or other manufacturing establishment (for example, an oil refinery), including the installation of the machinery or equipment for use in such factory building or such other establishment, such factory building or such other establishment and such machinery or equipment shall for the purpose of determining whether there is an increase in capacity under the provisions of section 444 (b), but not for the purpose of computing the average base period net income under section 444 (c), be considered to have been added to its total facilities on the last day of its base period. The provision is applicable only if (A) the taxpayer, prior to the end of its base period, had completed construction work representing more than 40 percent of the total cost of construction of such factory building or such other establishment, and (B) the completion of such factory building or such other establishment was in pursuance of a plan to which the taxpayer was committed prior to the end of its base period.

Amendment No. 239: This amendment, for which there is no corresponding provision in the House bill, provides for the addition of a new part IV to subchapter D of the Internal Revenue Code dealing with the excess profits credit based on income in connection with certain taxable acquisitions before December 1, 1950. Under this amendment a "purchasing corporation" as defined in the part, would, in certain cases, obtain the use of the income experience of a "selling corporation" for the purpose of computing its excess profits credit. The House recedes with an amendment making changes for purposes of clarification and in order further to define the scope of application of the part.

The Senate amendment includes in the definition of a purchasing corporation any corporation which acquired substantially all of the assets of another corporation or of a partnership in a transaction other than a part II transaction. The amendment made by the House includes in this definition a corporation which has acquired substantially all of the properties of a business owned by a sole proprietorship. The definition in the Senate amendment also includes a corporation which acquired only part of the assets of another corporation in a transaction other than a part II transaction provided the properties acquired were substantially all the properties of a separate business of the other corporation and that such acquisition was in furtherance of a plan of complete liquidation by such other corporation. The purchase under the same circumstances of a separate business which constituted part of the assets of a partnership is added to the definition by the House amendment. The House amendment also deletes a provision which included in the definition of "purchasing corporation" a corporation which receives assets as paid-in surplus or as a contribution to capital from another corporation which had acquired those assets as a purchasing corporation.

This provision under the conference agreement will in general cover those cases in which assets constituting the whole of a separate business of "a selling corporation" were acquired from a corporation, sole proprietorship, or partnership. It does not cover an acquisition in a tax-free transaction, for example, a case in which a corporation is liquidated to its stockholders and they in turn place all or part of the assets in a new corporation in a tax-free transaction.

The House amendment makes clear that the part provides for the use by the purchasing corporation of an average base period net income computed only under section 435 (d) (the general average of earnings method), that, under the part, the deficits as well as the excess profits net income of the selling corporation for any month shall be reflected in the computation, and that the excess profits net income to which reference is made is that of the corporation in the case of an acquisition of substantially all of the assets of a selling corporation and is the portion thereof properly allocable to the business or businesses acquired in the case of an acquisition of only part of the assets, representing one or more separate businesses of a selling corporation.

The Senate amendment provides that, for part IV to apply, the selling corporation must, immediately after the transaction, discontinue all business activities and be completely liquidated in a transaction other than a part II transaction. The House amendment changes this requirement to provide that the selling corporation must not have engaged in any business activities after the part IV transaction other than those incident to its complete liquidation and must, within a reasonable time after such cessation of business activities, have been completely liquidated (whether before or after the part IV transaction) in a transaction other than a part II transaction. Such liquidation must terminate the selling corporation's existence.

The Senate amendment further provides that the properties acquired in the part IV transaction must be substantially all of the properties which were used by the selling corporation (or by a component corporation of such selling corporation) in the operation of the business whose assets were acquired by the purchasing corporation. The House amendment provides that such properties must be those used by the selling corporation in the production of the excess profits net income or deficit therein which is used in the computation of the credit provided by this part.

The Senate amendment further provides that the business acquired in the part IV transaction must have been operated by the purchasing corporation from the date of such transaction to the end of the taxable year. The House amendment provides that such business must be operated by the purchasing corporation until the end of the taxable year unless transferred by it, during the taxable year, in a part II transaction to which the provisions of the new section 462 (b) (4) of the code are applicable.

The House amendment adds three special rules. The first provides that, for the purpose of the definition of a purchasing corporation, properties shall be deemed acquired from the selling corporation if they are purchased directly from the selling corporation or if they are purchased from its stockholders, provided such stockholders did not transfer them to the purchasing corporation in a part II transaction. This provision is applicable only in a case in which the selling corporation was first liquidated to its stockholders and the properties were forthwith sold by them to the purchasing corporation. The second special rule provides for the determination under regulations prescribed by the Secretary of all of the computations required by this part as if the business or businesses which were purchased from a partnership or sole proprietorship had been operated by a corporation. The third special rule is that in the case of the purchase of less than all of several businesses operated by a corporation or partnership, the amount of excess profits net income allocable to all or any number of the purchasing corporations or other persons receiving such properties upon the liquidation of the selling corporation shall not exceed 100 percent of

the excess profits net income of the selling corporation. Thus, in a case in which a selling corporation has an excess profits net income for any month of $100 existing by reason of one of its businesses having an income of $300 and another having a loss of $200, the amount of the excess profits net income available to either or both of the parties receiving the two businesses shall not exceed $100 for such month.

The House amendment adds a new subsection (e) dealing with successive transactions and providing that if one part IV transaction succeeds another part IV transaction, the excess profits net income of the first selling corporation is not made available to the second purchasing corporation. The excess profits net income, however, of the first purchasing corporation is available to the second purchasing corporation but, for that purpose, it must be computed without regard to the excess profits net income of the first selling corporation. It also provides that the excess profits net income of a selling corporation under this part includes the amount previously available to it under part II with respect to a previous part II transaction. Thus, where corporation A had previously merged with corporation B in a transaction described in section 461 (a), the purchase by corporation C of the assets of corporation B under the circumstances outlined in this part will make available to corporation C the excess profits net income (or deficit) of both corporations A and B, as determined under part II for corporation B for the period prior to the merger, as well as the excess profits net income of corporation B for the period after the merger.

The Senate amendment provided for the promulgation of rules by the Secretary, consistent with the principles of part II, for the application of this part. For the purpose of clarification, the conference agreement specifically provides for the promulgation of such rules with respect to (1) base period capital addition, (2) net capital addition or reduction, (3) excess profits net income, (4) duplication, and (5) the excess profits credit of the purchasing corporation for the taxable year in which the transaction occurs if such taxable year is a year which ended after June 30, 1950. It is also provided that the Secretary shall not apply the principles of certain specified provisions of part II.

It is not intended by this specific enumeration of principles to be followed by the Secretary that the general authority to prescribe rules for the application of this part shall be restricted except as specifically provided. Such regulations may include other principles appropriate to the determination of the computations provided by this part.

The Senate amendment contains technical amendments to the code, which technical amendments are revised by the House amendments. Included in these technical amendments as revised are provisions for the application of part II in cases where a corporation acquired in a part II transaction properties of a corporation which was a purchasing corporation in a previous part IV transaction. In general, the amendments provide that the income experience of the original selling corporation shall be used by the acquiring corporation in determining its average base period net income under section 435 (d) with reference to part II. For these provisions to be applicable, however, substantially all of the properties acquired in the part IV transaction (or replacements thereof in the ordinary course of business) must have been transferred in the part II transaction, or, if the part II transaction involved a component corporation which acquired the properties in a previous part II transaction, substantially all of the properties of such component corporation must have been acquired by the acquiring corporation. The business operated by the selling corporation must have been continuously operated by the acquiring corporation to the end of the taxable year, unless the business is transferred by the acquiring corporation during the taxable year in a part II transaction to which the provisions of section 462 (b) (4) are applicable. If the acquiring corporation obtained the properties in a part II transaction of the type described in section 461 (a) (1) (E) ("split-up"), the provisions of the following amendment to section 462 (i) (6) must be satisfied: Section 462 (i) (6) is amended to provide that if the component corporation in the part II transaction was a purchasing corporation in a previous part IV transaction, and if section 462 (b) (4) is applicable, the allocation of the excess profits net income of the component corporation to the acquiring corporation must be based upon the earnings experience of the assets transferred rather than upon the fair market value rule of allocation provided in section 462 (i), this provision being applicable whether or not the other parties to the part II transaction agree to such an allocation. The technical amendments, as revised, further provide that section 463 and section 464, relating to capital changes of the acquiring corporation, shall be applied under regulations promulgated by the Secretary with respect to cases in which the part II transaction follows a part IV transaction.

Amendment No. 240: This amendment adds section 522 to the bill, for which there is no corresponding section in the bill as passed by the House. Section 522 adds bauxite to the list of minerals deemed strategic under section 450 (b) (1) of the code for the purpose of exempting from the excess-profits tax the portion of the adjusted excess profits net income attributable to the mining of such mineral. The House recedes with a clerical amendment.

Amendment No. 241: This amendment provides that, except as otherwise provided in section 510 of the bill, the amendments made by title V of the bill, as passed by the Senate, shall be applicable with respect to taxable years ending after June 30, 1950. The House recedes with amendments conforming to the conference agreement with respect to amendments Nos. 224 and 228. Accordingly, the amendments made by title V are applicable with respect to taxable years ending after June 30, 1950, except as otherwise provided in section 506 (d) of the bill (relating to base period capital additions of banks).

Amendments Nos. 242, 243, and 244: These amendments are clerical. The House recedes.

Amendment No. 245: This amendment deals with possible tax liability for taxable years beginning prior to January 1, 1951, in the case of certain organizations carrying on trades or businesses the profits of which were dedicated exclusively to exempt purposes. Specifically, this amendment adds to the list of feeder organizations covered by the House bill, those organizations all of the profits of which inure to the benefit of a hospital or to an institution for the rehabilitation of physically handicapped persons which maintains or is building for proper maintenance such a hospital or institution staffed or to be staffed by qualified professional persons for the treatment of the sick and/or the rehabilitation of the physically handicapped, or to an eleemosynary corporation under State law exempt under section 101 (6) of the Internal Revenue Code.

The House recedes with an amendment striking out the reference to "an eleemosynary corporation under State law exempt under section 101 (6) of the Internal Revenue Code," and with a clarifying amendment providing that no implication is to be drawn from the amendment as to the tax status for taxable years prior to 1951 of so-called feeder organizations not dealt with in section 302 of the Revenue Act of 1950 as amended.

Amendment No. 246: The House bill provided that the percentage of the average base period net income to be taken into account in computing the excess-profits credit based on income shall be reduced from 85 percent of the average base period net income to 75 percent thereof. This reduction was effective, under the House bill, as of January 1, 1951. The Senate amendment struck this provision of the House bill. The House recedes with an amendment under which the percentage of the base period net income is reduced from 85 to 83 percent, effective January 1, 1952. Provision is made under the conference agreement for the case of a fiscal year beginning in 1951 and ending in 1952 so that a proportionate part of the decrease in the excess-profits credit will be reflected.

Amendment No. 247: This amendment, for which there is no corresponding provision in the House bill, amends sections 813 and 936 of the code to provide that, where property included for Federal estate tax purposes in the gross estate of a resident or citizen of the United States is situated in a foreign country and subjected to a death tax by such country, a credit shall be allowed against the estate tax for such foreign death tax. The amendment applies only with respect to estates of residents and citizens dying after the date of enactment of the bill.

The House recedes with clarifying amendments.

Amendment No. 248: this is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 249: This amendment, for which there is no corresponding provision in the House bill, amends section 863 (c) of the code to extend the estate tax exemption granted by that section with respect to works of art loaned by a nonresident alien to the National Gallery of Art, Washington, D. C., to works of art loaned to other public galleries or museums. The House recedes with a clerical amendment.

Amendment No. 250: This amendment, for which there is no corresponding provision in the House bill, makes certain changes in section 939 of the code, relating to the estate tax treatment of certain members of the Armed Forces.

The amendment provides that the tax imposed by section 935 (the additional estate tax) shall not apply to the transfer of the net estate of a citizen or resident of the United States dying after June 24, 1950, and before January 1, 1954, while in active service as a member of the Armed Forces of the United States, if such decedent (1) was killed in action while serving in a combat zone, as determined under section 22 (b) (13), or (2) died at any place as a result of wounds, disease, or injury suffered, while serving in a combat zone (as determined under section 22 (b) (13)) and while in line of duty, by reason of a hazard to which he was subjected as an incident of such service.

The House recedes with a clerical amendment.

Amendment No. 251: This amendment, for which there is no corresponding provision in the House bill, adds a new section to the bill to provide that in the case of a decedent dying after March 18, 1937, and before February 11, 1989, the determination of whether property is included in the gross estate of the decedent as a transfer intended to take effect in possession or enjoyment at or after his death shall be made in conformity with the provisions of article 17 of Regulations 80, as amended by Treasury Decision 4729. The House recedes with a clerical amendment.

Amendment No. 252: This amendment, for which there is no corresponding provision in the House bill, amends section 7 (b) of Public Law 378, Eighty-first Congress (the Technical Changes Act of 1949). Section 7 (b) now provides that the provisions of section 811 (c) (1) (B) of the code, providing for inclusion in a decedent's estate of property trans-

ferred with reservation of rights in income, shall not be applicable to transfers made before March 4, 1931 (and, in some cases, before June 6, 1932), if the decedent died before January 1, 1950. Under the amendment, inapplicability of section 811 (c) (1) (B) is extended to estates of decedents dying before January 1, 1951. The House recedes with a clerical amendment.

Amendment No. 253: This amendment, for which there is no corresponding provision in the House bill, amends section 7 (b) of Public Law 378, Eighty-first Congress (the Technical Changes Act of 1949) to provide that the provisions of section 811 (c) (1) (C) of the code (relating to inclusion in gross estate of transfers intended to take effect in possession or enjoyment at or after death) shall not apply to transfers made before September 8, 1916. The effect of the last sentence of this section, which makes section 7 (c) of such public law inapplicable to overpayments resulting from the enactment of this section of the bill, is to limit refunds of such overpayments to those situations in which the refund is not prohibited by the statute of limitations or some other law or rule of law. The House recedes with a clerical amendment.

Amendment No. 254: This amendment, for which there is no corresponding provision in the House bill, permits the making of refund or credit of any overpayment resulting from the application of section 503 of the Revenue Act of 1950, if claim therefor is filed within 1 year from the date of enactment of the bill, even though the making of such refund or credit is otherwise prohibited by the statute of limitations or any other law or rule of law (other than sec. 3760 or 3761 of the code which relate, respectively, to closing agreements and compromises). The effect of section 503 of the Revenue Act of 1950 was to provide that proceeds of life insurance policies attributable to premiums paid on or before January 10, 1941, should not be included in the gross estate of the insured person for estate tax purposes by reason of the fact that the premiums were paid by him, unless on January 10, 1941, or thereafter he had substantial rights in the life insurance policy. The House recedes with an amendment providing that claim for credit or refund must be made after October 25, 1949, and on or before October 25, 1950.

Amendment No. 255: This amendment, for which there is no corresponding provision in the House bill, provides that in the case of the award made on December 4, 1950, by the Interstate Commerce Commission as retroactive compensation for the transportation of mail, such compensation shall be deemed to be income which accrued in the taxable year in which the services to which such compensation relates were rendered. It is provided that no interest shall be assessed for deficiencies created by the inclusion of such income in prior years and that the period for assessment and collection of such deficiencies shall be extended to the date closing the period for assessment and collection for the taxable year of the taxpayer which includes December 4, 1950. The amendment also amends section 292 of the code to provide that in the case of retroactive mail payments, if such payments are required to be included in income in the year or years in which the mail was carried, no interest shall be due with respect to deficiencies resulting from such inclusion for any period prior to 30 days after the award of payment is granted. The House recedes with a clerical amendment.

Amendment No. 256: This amendment, for which there is no corresponding provision in the House bill, adds to the bill a new section 611 which provides with respect to certain taxable years a special rule to be followed whereby in the computation of corporation surtax net income certain amounts received as dividends on the preferred stock of a public utility will not be disregarded in computing the credit for dividends received.

Section 116 (a) of the Revenue Act of 1943 so amended section 26 (h) (1) of the Internal Revenue Code that, in the computation of the credit for dividends paid on the preferred stock of a public utility, amounts distributed in the current taxable year with respect to dividends unpaid and accumulated in any taxable year ending prior to October 1, 1942, were to be excluded from the amount of dividends paid on its preferred stock during the taxable year. The 1943 act did not contain a conforming amendment so that in the computation of corporation surtax net income the 85-percent credit for dividends received would always be allowed with respect to such amounts as were to be excluded in computing the credit for dividends paid on the preferred stock of a public utility.

Pursuant to new section 611, in the case of taxable years beginning before April 1, 1951, the 85-percent credit for dividends received will be allowed in the computation of corporation surtax net income with respect to those amounts which are to be excluded in computing the credit for dividends paid on the preferred stock of a public utility. In the case of the calendar year 1951 and taxable years beginning after March 31, 1951, see the amendments made to section 26 (b) of the code by section 122 of the bill (amendment No. 8). The House recedes with a clerical amendment.

Amendment No. 257: This amendment, for which there is no corresponding provision in the House bill, provides that if an affiliated group making a consolidated return with respect to the first taxable year of the group ending after June 30, 1950, included a corporation described in section 454 (f) of the code, pursuant to the consent provided in section 141 (e) (7) of the code, such corporation may withdraw such consent at any time within 90 days after the enactment of the Revenue Act of 1951. If such consent is withdrawn under this provision, the tax liability of the affiliated group and its several members for the taxable year shall be determined, assessed, and collected as if such corporation had never joined in the making of the consolidated return. The House recedes with a clerical amendment.

Amendment No. 258: This amendment, for which there is no corresponding provision in the House bill, adds to the bill a new section 613 pursuant to which the due date for filing income tax returns of, or for paying the income tax by, China Trade Act corporations for any taxable year beginning after December 31, 1948, and ending before October 1, 1953, shall be not later than December 31, 1953. The due date thus prescribed shall apply, however, only with respect to any such corporation and any such taxable year as the Secretary of the Treasury, pursuant to such regulations as he may prescribe, may determine to be reasonable in view of circumstances in China. New section 613 recognizes that certain China Trade Act corporations, despite the situation existing in China, are fully able to comply with requirements of existing law as to the time for filing returns and paying the tax.

The due date of December 31, 1953, hereby prescribed is subject to the power of the Secretary to extend, as in other cases, the time for filing returns or paying the tax. The House recedes with a clerical amendment.

Amendment No. 259: This amendment, for which there is no corresponding provision in the House bill, adds a new section which provides that no amendment made by the bill shall apply in any case where its application would be contrary to any treaty obligation of the United States. The House recedes with a clerical amendment.

Amendment No. 260: This is a clerical amendment. The House recedes with a clerical amendment.

Amendment No. 261: This amendment, for which there is no corresponding provision in the House bill, extends for 4 months the date on or before which a claim for net renegotiation rebates arising under the World War II Renegotiation Act may be filed. Section 201 (c) of the Renegotiation Act of 1951, approved on March 23, 1951, sets the expiration date as June 30, 1951. This amendment extends such date to October 31, 1951. The House recedes with a clerical amendment.

Amendment No. 262: This amendment, for which there is no corresponding provision in the House bill, adds to the bill a new section relating to prohibition upon the denial of payments by the Federal Government to a State under title I, IV, X, or XIV of the Social Security Act. These titles relate to grants by the Federal Government to States for aid to needy aged individuals, needy dependent children, needy blind individuals, and needy permanently and totally disabled individuals, respectively. The Federal Government and the States share the cost of these assistance programs. A State is not entitled to payments from the Federal Government unless the State plan for assistance has been approved by the Federal Security Administrator. Under existing law a State assistance plan in order to be approved must, inter alia, provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the assistance program. The Senate amendment provides that no State or any agency or political subdivision thereof shall be deprived of any grant-in-aid or other payment to which it otherwise is or has become entitled pursuant to title I, IV, X, or XIV of the Social Security Act by reason of the enactment or enforcement by such State of any legislation prescribing any conditions under which public access may be had to records of the disbursement of any such funds or payments within such State. The House recedes with an amendment which imposes a condition that the State legislation providing public access to the records of disbursement must prohibit the use of any list or names obtained through such access to such records for commercial or political purposes.

Under this amendment, as agreed to by the conferees, the State of Indiana, which has a law which permits public access to the records of disbursements of public welfare funds but which contains, inter alia, a prohibition upon the use of any lists or names so obtained for commercial or political purposes of any nature, will be entitled to receive its payments under the Social Security Act in the future and will also be entitled to receive any such payments which have been withheld because of the enactment and enforcement of the Indiana law.

Amendment No. 263: This amendment, for which there is no corresponding provision in the House bill, amends the provisions of existing law which provide the President, the Vice President, the Speaker of the House, and the Members of Congress an expense allowance which is tax-exempt and for which no accounting is made. Under this amendment, the President would receive $150,000 a year for his services, instead of the $100,000 plus the $50,000 tax-exempt expense allowance he now receives. Under existing law, the President neither pays tax on nor accounts for this $50,000. Under this amendment, $50,000 would be added to his compensation and his $50,000 tax-exempt expense allowance would be eliminated. Likewise, the salary of the Vice President, and that of the Speaker of the House, would be increased by $10,000 and his $10,000 tax-exempt expense allowance would be eliminated. And, similarly, the salary of each Member of Congress would be increased

by $2,500 and his $2,500 tax-exempt expense allowance would be eliminated. This amendment would become effective, with respect to the President, on January 20, 1953, and with respect to the Vice President, the Speaker, and Members of Congress, on January 3, 1953.

The House recedes with an amendment which eliminates the provisions of the Senate amendment increasing the compensation of the President, the Vice President, the Speaker of the House, and the Members of Congress but which removes the tax-exempt status of the expense allowances of such officials. The expense allowance provided the President by section 102 of title 3 of the United States Code and that provided the Vice President by section 111 of title 3 of the United States Code shall be taxable on and after January 20, 1953; the expense allowance provided the Speaker of the House by subsection (e) of the first section of Public Law 2, Eighty-first Congress, approved January 19, 1949, and that provided each Member of Congress by section 601 (b) of the Legislative Reorganization Act of 1946 (Public Law 601, 79th Cong.) shall be taxable on and after January 3, 1953. The President, the Vice President, the Speaker of the House, and each Member of Congress will be required to account for such expense allowances insofar as is necessary for the purpose of deducting such expenses for income-tax purposes.

Amendment No. 264: This amendment struck out the table of contents to the bill and inserted a new table of contents conforming to the amendments to the bill made by the Senate. The House recedes with an amendment to conform the table of contents to the action of the conference committee.

R. L. DOUGHTON,
JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,
Managers on the Part of the House.

Mr. DOUGHTON. Mr. Speaker, I yield myself 12 minutes.

Mr. Speaker, I shall have time to make only a short statement on the conference report on H. R. 4473, the revenue bill of 1951.

On February 2, 1951, the President sent up a message requesting enactment of legislation to provide new revenue of $16,500,000,000 a year. This request was later modified to about $10,000,000,000 a year. The Committee on Ways and Means responded promptly by starting hearings on February 5, which lasted for 2 months. After about 2½ months in executive session, we reported a bill which, as passed by the House, would have raised $7,200,000,000 in additional revenue annually.

In the other body, the Committee on Finance held hearings for almost 2 months, and spent more than a month in executive session. After 2 weeks' debate on the floor of the Senate, a bill raising $5,500,000,000 a year was finally passed.

The conference met for nearly 2 weeks and only yesterday reached final agreement on the report now before you raising taxes by about $5,750,000,000, or nearly $6,000,000,000 a year.

INDIVIDUAL INCOME TAXES

In the case of individual income taxes, the increase in the individual income-tax burden under the conference agreement is approximately midway between the Senate and House bill. It is estimated that the rate increases in the individual income tax will yield $2,538,000,000 as compared with $2,854,000,000 under the House bill and $2,394,000,000 under the Senate bill. Under the compromise there will be integrated into a rate schedule increases amounting to approximately 11¾ percent of the tax or 9 percent of the income after tax, whichever results in the smallest increase. These increases are reflected in the following table:

Comparison between the individual income tax burden in the years 1944–45, 1948–49, and under present law, with that under H. R. 4473 as agreed to by the conferees for the years 1952 and 1953

A. SINGLE PERSON, NO DEPENDENTS

Net income (after deductions but before exemptions)	Amount of tax			Increase in tax liability due to 1950 act		Amount of tax under H. R. 4473	Increase in tax liability of H. R. 4473 over present law		Cumulated increase in liability due to the 1950 act and H. R. 4473	
	1944–45	1948–49	Present law	Amount	Percent		Amount	Percent	Amount	Percent
$600	$23									
$800	69	$33	$40	$7	20.5	$45	$5	11.5	$11	34.3
$1,000	115	66	80	14	20.5	89	9	11.5	23	34.3
$1,500	230	149	180	31	20.5	201	21	11.5	51	34.3
$2,000	345	232	280	48	20.5	312	32	11.5	80	34.3
$3,000	585	409	488	79	19.2	544	56	11.6	135	33.0
$5,000	1,105	811	944	133	16.4	1,054	110	11.7	243	30.0
$8,000	2,035	1,546	1,780	234	15.1	1,994	214	12.0	448	29.0
$10,000	2,755	2,124	2,436	312	14.7	2,730	294	12.1	606	28.5
$15,000	4,930	3,894	4,448	554	14.2	4,970	522	11.7	1,076	27.6
$20,000	7,580	6,089	6,942	853	14.0	7,764	822	11.8	1,675	27.5
$25,000	10,590	8,600	9,796	1,196	13.9	10,942	1,146	11.7	2,342	27.2
$50,000	27,945	23,201	26,388	3,187	13.7	28,468	2,080	7.9	5,267	22.7
$100,000	69,870	58,762	66,798	8,036	13.7	69,690	2,892	4.3	10,928	18.6
$500,000	444,350	[2] 385,000	429,274	44,274	11.5	436,166	6,892	1.6	51,166	13.3
$1,000,000	[1] 900,000	[2] 770,000	[3] 870,000	100,000	13.0	[4] 880,000	10,000	1.1	110,000	14.3

B. MARRIED COUPLE,[5] NO DEPENDENTS

$1,000	$15									
$1,500	130	$50	$60	$10	20.5	$67	$7	11.5	$17	34.3
$2,000	245	133	160	27	20.5	178	18	11.5	46	34.3
$3,000	475	299	360	61	20.5	401	41	11.5	103	34.3
$5,000	975	631	760	129	20.5	847	87	11.5	217	34.3
$8,000	1,885	1,206	1,416	210	17.4	1,581	165	11.6	375	31.1
$10,000	2,585	1,621	1,888	267	16.4	2,108	220	11.7	487	30.0
$15,000	4,695	2,829	3,260	431	15.2	3,648	388	11.9	819	29.0
$20,000	7,315	4,247	4,872	625	14.7	5,460	588	12.1	1,213	28.6
$25,000	10,295	5,877	6,724	847	14.4	7,512	788	11.7	1,635	27.8
$50,000	27,585	17,201	19,592	2,391	13.9	21,884	2,292	11.7	4,683	27.2
$100,000	69,435	46,403	52,776	6,373	13.7	56,936	4,160	7.9	10,533	22.7
$500,000	443,895	359,662	403,548	43,886	12.2	412,332	8,784	2.2	52,670	14.6
$1,000,000	[1] 900,000	[2] 770,000	858,548	88,548	11.5	872,332	13,784	1.6	102,332	13.3

C. MARRIED COUPLE,[5] 2 DEPENDENTS

$2,000	$45									
$3,000	275	$100	$120	$20	20.5	$134	$14	11.5	$34	34.3
$5,000	755	432	520	88	20.5	580	60	11.5	148	34.3
$8,000	1,585	974	1,152	178	18.3	1,286	134	11.6	312	32.0
$10,000	2,245	1,361	1,592	231	17.0	1,778	186	11.7	417	30.6
$15,000	4,265	2,512	2,900	388	15.4	3,240	340	11.7	728	29.0
$20,000	6,785	3,888	4,464	576	14.8	5,004	540	12.1	1,116	28.7
$25,000	9,705	5,476	6,268	792	14.5	7,008	740	11.8	1,532	28.0
$50,000	26,865	16,578	18,884	2,306	13.9	21,092	2,208	11.7	4,514	27.2
$100,000	68,565	45,643	51,912	6,269	13.7	56,036	4,124	7.9	10,393	22.8
$500,000	442,985	358,677	402,456	43,779	12.2	411,228	8,772	2.2	52,551	14.7
$1,000,000	[1] 900,000	769,314	857,456	88,142	11.5	871,228	13,772	1.6	101,914	13.2

[1] Maximum effective rate limitation of 90 percent.
[2] Maximum effective rate limitation of 77 percent.
[3] Maximum effective rate limitation of 87 percent.
[4] Maximum effective rate limitation of 88 percent.
[5] Income earned by 1 spouse.

The Senate conferees accepted the House provision allowing special relief in the case of heads of families.

A Senate amendment, which was accepted by the conferees, provides that an individual may be classed as a dependent if his income is less than $600. Under the present law an individual cannot be classed as a dependent where his income is $500 or more.

The House conferees accepted a Senate amendment continuing the existing 25-percent capital gains rate on individuals and corporations. This rate was increased from 16½ percent to 25 percent in World War II and has not been reduced since that time.

The increases in the individual income-tax rates under the conference agreement will become effective November 1, 1951. Under the House bill, such increases were effective September 1, 1951.

CORPORATION TAXES

The conferees adopted the House increase on corporations of 5 percentage points, and applied the entire increase to the normal tax, as was done in the House bill. This means that corporations with incomes of $25,000 or less will pay a tax at the top rate of 30 percent instead of at the rate of 25 percent imposed on such corporations under existing law. Corporations which are now subject to a total normal and surtax rate of 47 percent will be subjected to a top rate of 52 percent. Under the conference agreement, the increase in the tax on corporations was made effective on April 1, 1951, instead of January 1, 1951, as provided in the House bill. This means in effect that a corporation on the calendar-year basis will be subject to a top rate of approximately 50¾ percent for the calendar year 1951. The 1952 top rate of 52 percent will not become effective until the calendar year 1952.

Another provision of the House bill which was the subject of considerable controversy in the conference was the one lowering the earnings credit for the purpose of the excess-profits tax from 85 percent to 75 percent. Our committee felt that some additional revenue should come from this source. The conference agreement provides for an average-earnings credit of 83 percent, effective January 1, 1952. The Senate conferees agreed to the House ceiling on corporations of 70 percent. However, a simpler method for computing the ceiling was agreed upon. Under this method, the excess-profits tax cannot exceed 18 percent of the excess-profits net income. The yield from the above changes under the conference agreement from corporations will amount to $2,343,000,000, as compared with $2,060,000,000 from the Senate bill and $2,855,000,000 from the House bill. The House conferees agreed, with some modifications, to the Senate amendments providing relief from the excess-profits tax in certain hardship cases.

MUTUAL SAVINGS BANKS, BUILDING AND LOAN ASSOCIATIONS, AND COOPERATIVES

The Senate bill provided for subjecting mutual savings banks, building and loan associations, and cooperatives to the corporate income tax. Mutual savings banks and building and loan associations are to be taxed as ordinary corporations. In addition, there is allowed a deduction in computing income for dividends or interest paid or credited to their policyholders. A special deduction, in addition to the regular deduction allowed for bad-debt reserves, is also provided. Under this special deduction mutual savings banks and building and loan associations are permitted to accumulate a tax-free bad-debt reserve until 12 percent of the total deposits or withdrawable accounts of its depositors at the close of the year exceeds the sum of its surplus, undivided profits, and reserves at the beginning of the taxable year. These institutions were also exempted from the excess-profits tax under the conference agreement. In the case of cooperatives, the tax is applied to the net margins which are not allocated to their patrons. This is similar in principle to a provision in the North Carolina law. I believe that it is proper at this time, when all taxpayers are having their tax liabilities increased, to secure some revenue from mutual savings banks, building and loan associations, and cooperatives. It is estimated that by taxing these organizations the Government will pick up an additional $28,000,000.

EXCISE TAXES

The Senate conferees in general accepted the House provisions on excise taxes.

The tax on liquor will be increased by $1.50 a gallon, and on beer by $1 a barrel. While the tax on cigarettes would be increased by 1 cent per package. The tax on snuff, chewing, and smoking tobacco reduced from 18 cents to 10 cents per pound.

Manufacturers' excise taxes on automobiles will be raised from 7 percent to 10 percent, but the House conferees agreed to the Senate amendment removing completely the tax on house trailers.

The tax on gasoline will be raised to 2 cents a gallon and will be extended to Diesel fuel used on the highways.

SUMMARY

While the conference agreement does not raise as much revenue as the House bill, it will produce in a full year of operation close to $6,000,000,000 as follows:;

[In millions]

Individual income taxes	$2,333
Corporate income and excess profits taxes	2,195
Excise taxes	1,204
Total	5,732

The $6,000,000,000 imposed by this bill coupled with the increases already provided since the Korean war of $10,000,000,000, makes the total increase in Federal taxes during the last 12 months almost $16,000,000,000. The total annual tax bill will now be around $67,000,000,000, which is $20,000,000,000 greater than the tax bill for the highest year during World War II.

I, for one, do not believe it will be possible to impose further tax burdens upon the American people unless we get into a third world war. It is essential, therefore, that every effort be made to control Federal spending and bring it in balance with current revenue receipts. I believe that a tax bill of $67,000,000,000 is as much a burden as the economy can stand under the present conditions.

Mr. Speaker, in recommending adoption of the conference report, I should like to repeat and emphasize what I said on June 21 when I presented H. R. 4473 initially for the consideration of the House:

As I view it, there are three alternatives facing the Congress: First, we must raise taxes even higher than those provided under present law and in the pending bill; or, second, we must reexamine and reduce Federal expenditures wherever possible, including not only the ordinary operations of Government, but the military and foreign aid budgets as well; or third, we must embark upon a heavy program of additional borrowing and deficit financing. Of these three alternatives, I consider it unlikely that we shall be able to increase substantially the yield of the Federal tax system beyond what is included in the present bill. I say this in all frankness and sincerity, for I consider it essential that we face up to the fact that any higher tax rates on either individuals or corporations or excises would be exceedingly burdensome and difficult to impose. On the other hand, the financing through borrowing of any substantial part of the defense program for an indefinite period in the future would certainly contribute to inflation and might permanently and seriously impair the credit of the Government. The only sound future course, in my opinion, is to reexamine the scope of Federal activities and to cut expenditures to the bone.

Mr. Speaker, with this tax situation we are confronted with a condition and not an opinion. The condition is this, that the Congress has authorized appropriations or will authorize appropriations that will amount to more than the total revenues received under this bill and under existing law. How many think that taxes are already too high; maybe they are but, when the Congress assumes an obligation and creates a debt, it is our duty, regardless of what we may think about the justification for the obligation, to provide the revenues to discharge the obligations which we ourselves have created.

I do not think that anything could be more detrimental to the economy of this country than in peacetime, in time of prosperity, to embark upon a program of deficit financing.

Mr. Speaker, I hope therefore, that this conference report will be adopted. We cannot put it off on the President of the United States on the ground that he should reduce expenditures. The President cannot raise a dollar of revenue himself; he cannot appropriate a dollar. All he can do is to make recommendations for expenditures. In the last analysis, the responsibility rests with the Congress. We have a serious responsibility, not to be shifted aside through political expediency. The solvency of our country must be maintained.

Mr. Speaker, I yield 14 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, I want to say at the outset that, if time would permit, I would devote several minutes to expressing my appreciation for the fine way and the fair way in which our distinguished chairman presided over the conference.

Mr. Speaker, on September 23, 1950, the Congress increased Federal taxes by over $6,000,000,000 a year.

On January 3, 1950, Federal taxes were increased by another $4,000,000,000.

And today the question before the House is whether to increase Federal taxes by an additional $6,000,000,000, making a total of $16,000,000,000 in new taxes levied on the people within the past 13 months.

Mr. Speaker, we are not dealing today with just another revenue bill. We are not debating the merits of minor tax provisions.

No; and make no mistake about this; we are engaged today in a head-on clash between two basic policies—between two diametrically opposed principles—and the issues can be simply stated:

Shall we continue to spend ourselves into bankruptcy and tax the people into poverty or shall we reduce Government spending and preserve the principles of our Republic?

Shall we yield further ground to socialism or shall we hold fast to freedom and progress?

Shall we defy communism abroad but surrender our liberty at home?

These are the real issues involved in this conference report on the Revenue Act of 1951, and these issues should not become beclouded by false and pious talk of curbing inflation, of balancing the budget, or of paying-as-we-go, because this new tax-increase bill will do none of these. The terrible fact is that excessive and uncontrolled Government spending is on the loose, and the bottom of the American tax barrel has already been reached.

The current rate of spending by the Federal Government is accelerating month by month, and cash expenditures for fiscal 1952 will approximate $70,000,000,000 and expenditures for fiscal 1953 will rise to between $80 and $90 billion. And yet at best the increased tax yield from this legislation with all its inequities, its discriminations, and its heavy burden on all our taxpayers will yield less than $3,000,000,000 in fiscal 1952 and approximately $5,800,000,000 in a full year's operation. It is clear, therefore, that unless Government spending is cut, we face a substantial deficit in fiscal 1952 and an even larger deficit in fiscal 1953 and it is just as clear that there is no feasible tax program which will raise the amount of money necessary to balance President Truman's budget in either fiscal 1952 or in fiscal 1953. We have reached our limit. Federal, State, and local taxes are now taking approximately one-third of our national income. Our States are in open rebellion against the high rate of Federal taxation and are demanding that a constitutional convention be called to set a limit on the taxing powers of the Federal Government. Indeed, the collection and enforcement of our whole tax system is crumbling under the sheer weight of the high and confiscatory taxes.

It is no longer possible to place the country on a pay-as-we-go basis because this Congress has lost control of its power to determine the amount of Federal expenditures. It has lost the power to protect the savings of the people from the arbitrary demands for money by the executive departments. This Congress has surrendered one of the most basic principles of our Government and the people are now at the mercy of the predatory Truman administration which is already hard at work on an increased tax program for 1952. Higher taxes, higher spending—that is, the appalling policy of this spendthrift administration.

Excessive taxation will never cure inflation. Let us clearly understand this point because it is one of the most dangerous fallacies used by the Truman spenders in support of higher and higher taxes. On the contrary, money taken from the people by taxes and spent nonproductively by the Government only increases inflation. Government spending is directly inflationary because the Government does nothing to create wealth while non-Government spending is channeled back into the production of goods and services and used for expansion of both our civilian and military production. And increased production is our first line of defense against inflation. The refusal by President Truman to reduce Government spending, together with the irresponsible fiscal policies of this administration has been one of the major causes of the high cost of living.

Now let us stop fooling the people. Let us tell them the truth. Let us tell them that this legislation to again increase their taxes is here today because the Truman administration wants it.

It is here today because the socialist planners want it.

It is here today because of the waste, inefficiency, bribery, and corruption of the Truman administration.

It is here today because of the disastrous foreign policy of the Truman-Acheson-Jessup clique.

It is here today because we are fighting a war declared by President Truman without authority from the Congress that could have been avoided and should long ago have been ended.

It is here today because the Pendergast machine has moved to Washington.

Already it has cost the honest people of this country $325,000,000,000 to support President Truman and his cronies. It will cost the people another $70,000,000,000 before next July.

Except for the Republican Eightieth Congress there has not been one word of Government economy.

There has not been one real attempt by President Truman to balance the budget and reduce the public debt. Instead the Truman administration has promoted socialism, created inflation, encouraged communism, and brought morality in public office to its lowest ebb. For $400,000,000,000 there is nothing to show but confusion, disaster, and mounting casualties, and indeed the people of the country have good cause to wonder how much of their taxes go for political patronage and party favoritism; how much go for incompetence and dishonesty, how much for waste and extravagance.

As a bare minimum, and if for no other reason, it is unthinkable to me to demand higher taxes from the people before assurance is given that there is no graft in the collection of these taxes.

There is no such assurance and, on the contrary, it now appears that even the Department of Justice has attempted to prevent indictment of one of President Truman's friends for bribery, while serving as a collector of internal revenue.

Mr. Speaker, we are now at the crossroads and unless we cry "Halt" to the excessive spending and waste of this administration, there will be no turning back. If we do not stand fast, but yield instead to President Truman's demand for higher taxes, we have failed in our responsibility to the people. We have served notice that there is no limit to the amount of taxes which President Truman can demand and which the Congress will impose on the people. We have laid the groundwork for another Presidential call for higher taxes next year. We have taken another major step toward socialism.

Of course, Government spending can be reduced and in this period of crisis, programs unrelated to defense can be reduced. Vast savings could be made in the Military Establishment and the Government could exercise the same sacrifices and restraint in the spending of the people's money as the Government has imposed upon the people.

Although the Congress has temporarily bowed to the relentless pressure of the administration we have this last chance to show the American people that they will not be called upon to pay for waste in the spending and bribery in the collection of their earnings and savings. We have this chance to serve notice on the Truman administration that a true pay-as-we-go program as advocated by the Republicans calls, first, for a reduction of Government spending and after that the imposition, insofar as necessary, of new taxes to pay for essential Government spending.

For these reasons, Mr. Speaker, I shall vote against the adoption of this conference report because expressed in its simplest terms this legislation is excessive taxation without justification. It will impose higher taxes on many of our taxpayers than was ever imposed during World War II. It increases the arbitrary selectivity of our excises and raises the tax rate on our productive enterprises, whether or not engaged in war work, to exhorbitant and confiscatory rates. It will stifle the ambition and incentive to produce. It will dry the diminishing trickle of venture capital vital for expansion and increased production. It will result in increased prices, promote inflation, and impose an unfair burden on the low-income groups.

The conference report should be rejected.

I am not unmindful, Mr. Speaker, that the conference report contains several provisions of merit. Among these are the excess profits relief provisions, the elimination of the proposal to withhold against dividends and corporate bond interest, and adjustment of some of the more discriminatory excise taxes, and the curbing of the arbitrary authority of Oscar Ewing to deny Federal funds to Indiana and other States which believe

in saving the taxpayers' money by efficient and honest administration of the public assistance programs. These are good provisions. They should be incorporated in a separate bill and sent forthwith to the White House.

But although improvements over the House version have been made by the other body and incorporated in the conference report, new provisions have been added which should be deleted. I have in mind, for example, the new tax on mutual savings banks, building and loan associations, and farmers cooperatives.

During the many years I have been privileged to serve as a Member of this distinguished body I have seen our tax law grow and expand and have watched the tentacles creep slowly into every American home. Many, indeed a great many of our tax laws, have been enacted not primarily for revenue but in furtherance of a social or economic policy. Our estate and gift taxes, higher progressive rates in the individual income, the excess-profits tax, many of our excise taxes—all these have a dual purpose. One of the basic policies which I have long fought to encourage is that of individual thrift as opposed to the Truman program of total reliance on the Federal Government. A tax on the mutual savings banks and building and loan associations is essentially a tax upon thrift, home ownership, and self reliance, and will be a deterrent to all three. The revenue to be derived from this tax is insignificant in comparison to the unfortunate consequences of such a tax. The imposition of more taxes has never solved any problem because two wrongs do not as yet make a right.

And finally, Mr. Speaker, because my time is running out I will call attention to only one more iniquitous feature of the conference report. That is the provision imposing for the first time a tax on small-farmer cooperatives.

Since its inception the Republican Party has always been the champion of the farmer. It always will be, but the Democratic Party has not unfurled for all to see its flag of betrayal to the farmers. I quote from the Democratic Party platform of 1948:

> We will encourage farm cooperatives and oppose any revision of Federal law designed to curtail their most effective functioning as a means of achieving economy, stability, and security for American agriculture.

This legislation repudiates the solemn pledge of the Democratic Party. I shall not repudiate my party platform.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. FULTON. I want to compliment the gentleman on his statement that this bill will cause inflation.

Mr. REED of New York. I thank the gentleman.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. REED or New York. I yield.

Mr. RANKIN. I would like to ask the gentleman what the Senate bill does in the way of taxing the cooperative power associations.

Mr. REED of New York. I will come to that in just a moment.

I have never repudiated it in all the years I have been serving in Congress. I firmly believe that is one of the reasons why I have been here for 33 years. The people know exactly when I say that I will stand by something that I will stand by it. No party can ever succeed over many years if they start in repudiating their platform.

I hope when the vote comes today not a person will repudiate the platform of their party, and that includes our own.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. REED] has expired.

Mr. DOUGHTON. Mr. Speaker, I yield 8 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members may have permission to revise and extend their remarks at this point on the pending conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have five legislative days within which to revise and extend their remarks on this conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, as is true in the case of most measures of this type, the pending conference report is a compromise between the House and Senate bills.

Your House conferees worked diligently for many days in conference in an effort to secure the best bill possible under the existing circumstances. The Senate added 264 amendments to the House bill. Of course, many of them were of a clerical or technical nature, but quite a number of them were amendments of real substance. This conference report reflects the best results that we were able to accomplish, and, although there are many provisions with which I am not in accord, yet realizing the urgent necessity for additional revenue, I feel that the conference report should be approved.

There are many provisions included in this bill and the conference report that I voted against in the Ways and Means Committee and in the conference, and there are quite a number of provisions that I supported in the committee and in the conference which are not included in the bill.

The bill as passed by the House was estimated to yield about $7,200,000,000, and the bill as passed by the Senate was estimated to yield about $5,500,000,000, and the conference report is estimated to yield about $5,800,000,000 or nearly $6,000,000,000 in additional revenue. I had hoped that we would be able to enact a revenue measure that would balance the budget and place our fiscal affairs on a pay-as-you-go basis, but I feel that the adoption of the pending conference report will not accomplish this desired result. However, because of the greatly increased costs of the national defense program, it is vitally important that we secure the additional revenue that will be provided under this conference report.

As I stated during the course of my remarks while the pending bill, H. R. 4473, was under consideration in the House, since the beginning of hostilities in Korea a little more than a year ago, your Committee on Ways and Means has been giving almost constant attention to the requirements of additional revenue and related subjects. We have reported and Congress has passed three important measures during that time. The first was the Revenue Act of 1950. The second was the Excess Profits Tax Act approved about January 3, 1951. The third was the Renegotiation of Government Contracts Act in January of 1951. And now this is the fourth important measure, the Revenue Act of 1951.

The passage of this bill, along with the other two tax acts mentioned, will add about $16,000,000,000 to the Federal revenue. The Revenue Act of 1950 produced about $6,100,000,000. The Excess Profits Tax Act of 1950 is expected to produce about $3,900,000,000, and the pending bill is estimated to yield additional revenue of about $5,800,000,000.

Although some changes have since occurred, it should be borne in mind that when presented at the beginning of this year the budget for the fiscal year 1952 was $71,600,000,000. The estimated revenue for the fiscal year 1952 was $60,900,000,000, leaving a deficit of $10,700,000,000.

The President requested a revenue measure yielding about $10,000,000,000 or substantially the amount required to cover this deficit. It is apparent that the pending bill will not meet this request and will only produce a little more than half the amount of revenue that was requested.

I have always been and am now strongly in favor of all reasonable and proper economy in Government, and I shall certainly continue to endeavor to accomplish desired results along this line.

It should be remembered that just four items cover about 83 percent of the Federal budget and they are as follows:

National defense, forty-one and four-tenths billion, or 58 percent.

International affairs, seven and five-tenths billion, or 10 percent.

Veterans' affairs, four and nine-tenths billion, or 7 percent.

Interest on public debt, five and nine-tenths billion or 8 percent.

Thus it will be seen that 83 cents out of every dollar of the Federal budget is covered by these four items, leaving only 17 cents out of every dollar of the Federal budget for all other expenses of the Government.

The limitation of time will not permit a detailed discussion of all of the changes made in the House and Senate bills, or many other important provisions of this conference report, but many of them will be discussed by other Members during this debate.

Your House conferees present this conference report as the best product of

its efforts that can be offered, and believe that it is worthy of your support.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, this conference report is an improvement over the bill passed by the House on which we voted some 2 or 3 months ago, and which I voted against. It is important in one particular respect in which we Republicans support it, and which was opposed by the Democrats. The original bill that passed the House carried a withholding tax against interest and dividends. That was not to our liking. That provision was included in the bill that went to the Senate and the Senate took it out. It came back again and the House inserted it again in the bill that is now being considered. And the Senate took it out again and it is not in this conference report that we are considering. The Senate took it out again and it stays out as far as this conference report is concerned. That means there will be no withholding on dividends and interest. That is out and that is due to the work of the Republicans. It was argued by the Democrats that there should be a withholding because we were withholding on wages, but that is not a tenable argument at all. The conditions are not the same. I shall not take your time to develop that fact.

In one other respect this bill is an improvement over the one we passed in the House in that it reduces the amount of the taxes by about $1,000,000,000. Of course, this is a very important difference and a very important reason why I can say it is a better bill.

In spite of all these nice things I have been trying to say about it I am constrained to vote against the conference report and shall vote against it. This is consistent with my former votes.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Indiana.

Mr. HALLECK. I appreciate what the gentleman has just said, particularly that part of his statement in which he has pointed out the better things that are in this conference report as against the bill we passed. He has expressed his views as to what he is going to do for whatever they may be worth. But I want to say that as far as I am concerned I expect to vote against the motion to recommit and for the conference report. I am doing that for a number of reasons. I am particularly interested in that provision of this conference report which follows the recommendation of the 46 governors adopted at Gatlinburg, Tenn., the other day to restore to the States a measure of their rights and responsibilities in respect to the handling of wealth.

Mr. JENKINS. I can say to the gentleman that the consensus of opinion of the conferees was in favor of the matter to which the gentleman has directed his attention.

Mr. Speaker, there is another reason why I want to oppose this measure. Although this conference report reduces the taxes by about a billion dollars below what our bill provided, the taxes are still too high. We do not need that $6,000,000,000 now. The Ohio State Chamber of Commerce, which is the largest State chamber in the country, recently gave special study to the matter of whether another tax bill is necessary now. Their experts, which rank with the best in the country, advised that a tax bill was neither necessary nor advisable now. I understand that many men who are experts on Government financing maintain that we have now a surplus of about $3,000,000,000 that will carry us along. I received a letter today from a prominent financial adviser on government finances and he says:

> Why overtax the American people? * * * All taxes now voted are likely to lead to a pure cash surplus.

I see by the newspapers that the President's right-hand man, Mike DiSalle, claims that the taxes should not be raised. I quote from a newspaper clipping which I cut out a day or two ago:

> I am not so sure that higher taxes are the thing we need at this time. Taxes tend to retard business initiative.

This tax matter should have been put over until next year, at which time we could have considered the matter fully and passed upon it. I can cite a very important happening that I think will justify my views in this respect. About 8 months ago the President called the Ways and Means Committee down to the White House to visit with him. We went down there, and he made us a very nice little speech, and at that time he asked for $10,000,000,000. He said he had to have $10,000,000,000 right immediately in the first bite, and then he wanted six billion more in the near future as the second bite. We did not give him ten billion. We did not give him the six billion he asked or anything like that. We Republicans would not do so, and in fairness to the Democrats on the committee, they were not in favor of doing that either. Why does the President assume the position all the time that he has to have so much money, such a tremendous lot of money, when he really does not need it? Of course, we Republicans want to maintain the boys in Korea, and we want to maintain taxes to meet Government expenses, whatever they are; but at the same time we do not have to ask for more money than we need all the time. When we visited the President I asked him what he had to suggest as to national economy. He replied that he was a great economizer.

There is another reason why I am opposed to this legislation, and that is this: On the floor of this House we Republicans made what I think was a gallant fight to maintain the building and loan associations and the little mutual savings banks in their present tax position. There was no great demand why they should be brought over the coals and taxed, but under this bill that is just exactly what happened to them, with the result that they are very much dissatisfied and are going to be dissatisfied, and it is going to throw the building and loan associations in direct competition with the banks. There was an article in the New York Times last Sunday accentuating that fact, that with the passage of this bill the building and loan associations and the mutual savings banks are going to have to go out and compete with the banks and enter the other fields of action. Those of us who have had a chance to know the workings of the building and loan associations of this country know that they have been doing a fine job. Ohio has one of the strongest building and loan companies in the Union. Two and a half million people in Ohio are connected in some way with the building and loan companies. I understand that these organizations will acquiesce with the law as it is provided in this conference report, but they would much prefer to be let alone.

Mr. DOUGHTON. Mr. Speaker, I yield 7 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, some of the ideas I entertain about this bill and about the attitude of some of the governors as expressed at their recent conference are not included in my remarks. The fact of the matter is that they would not look well in print. The governors, in their attitude toward their aged pensioners, widows, dependent children as well as the crippled, blind and handicapped, forgot and deserted the people of their States. I refer to the Jenner amendment and make no reservation on that score, and you can come to your own deduction. The governors conference is very largely dominated by one man, a gentleman named Frank Bain. He is the conference, and he tells them what to do. I heard that said publicly at the Chicago conference, which I attended at one time by official invitation. But I am going to vote for this bill. It is better than no bill at all, and the Republicans know it.

The revenue which the tax bill of 1951 will raise is not nearly as much as it should be. The President in his tax message to Congress this year asked that $16,500,000,000 in additional revenues be raised so as to keep the country on a pay-as-you-go basis and fully solvent. The House bill would have increased revenues by $7,200,000,000. The Senate bill would have increased them by $5,500,000,000. The bill as agreed to in conference will raise only $5,732,000,000.

The inflationary effects of such a small tax increase are obvious. No bill would be even worse. It is estimated that on an annual basis, the total gross national product for the third quarter in 1951 will reach $328,000,000,000. On an annual basis, corporation profits for the third quarter of 1951, before taxes, are estimated to be $46,500,000,000, and after taxes, $21,300,000,000. We have been hearing the hue and cry that corporations can stand no more tax in-

creases. This is certainly not indicated by their record of profits. Even during the war period, corporate profits before taxes were running at about half of the rate which is presently indicated.

Another indication of the ability of corporations to pay far more taxes than they are called upon to pay under this bill can be seen from a look at the report of the Federal Trade Commission on rates of return for 525 identical companies in 25 selected manufacturing industries dated June 27, 1951. That report indicates a rate of return after taxes on stockholders' investments for 1950 ranging from a low of 6.2 percent in the case of cigar manufacturers, to a high of 31.7 percent for manufacturers of motor vehicles.

This means that every 3 years at this rate the motor-car manufacturers earn practically the equivalent of their capitalization.

This bill not only does not increase corporate taxes to a point they should be increased, but it also unfairly distributes the tax burden by increasing present excise taxes, and by adding new items to the list of excise taxes. These are the most regressive types of taxes known. They have absolutely no relation to ability to pay and, on the contrary, they are intended to fall heaviest on persons in low-income groups.

I do not like that, and you do not, but because we desperately need the revenue we are going to have to swallow it.

Not only did I unsuccessfully fight each and every increase and addition in the excise taxes, but I was defeated in the Committee on Ways and Means on a motion to provide a 2-year termination date for the changes in the excise taxes in this bill, and also the World War II excise taxes. The one thing about the conference report in relation to excise taxes which I am glad to see in the bill is a provision which calls for the termination of the excise tax increases on April 1, 1954.

Another inequity in this bill which originated in the Senate is the means of increasing individual income taxes. The Senate approach again carried out the well-known relief-for-the-rich-man attitude which is unjustified and which we see far too often these days. Unfortunately, we were over the barrel and the Senate conferees knew it. The House conferees had to accede to this demand in order to get any tax bill. Under this approach, the poor little rich man who is single is told that when his income reaches $28,800, we will levy a special type of tax on his take-home pay of 9 percent, and that we feel that it is not fair to him to have an 11.75 percent increase in his present tax liability as is true of persons in lower-income groups.

One of the fundamental objections that I have to this conference report lies in the so-called Jenner amendment. It is vicious in concept and purpose and Congress condones the sin of Indiana in violating principle by changing the Federal law so as to conform to Indiana's unjustified wishes in this matter. I am referring to the provision in the bill to the effect that a State will not be denied Federal grant-in-aid payments under the public-assistance programs even though access and publication is permitted of the lists of names of recipients of assistance.

Remember, that Jenner proposal marks all your old-age pensioners, all your dependent widows, and their dependent children, the blind, the handicapped, and the crippled; it marks them for scorn and abuse, as suckers and as the object of scorn and abuse on the part of those who never did do anything to build up the Social Security Act and are doing everything they can to destroy it.

The House conferees were able to tone this provision down a bit by the proviso that the lists of names may not be used for commercial or political purposes, which is just a lot of chaff if the names are permitted to be published. We can all imagine the humiliation which will be brought upon needy persons who will have their misfortunes in life broadcast by every newspaper in the country.

This provision in the bill will amount to a boom to newspapers who will take delight in throwing on their pages the miseries of those unfortunate people who have been reduced to the necessity of asking for public assistance. This includes helpless old pensioners, widowed mothers and their dependent children, the unfortunate blind, the crippled and the handicapped. Nothing in the world can be accomplished by such publication which will lead to better administration to the public assistance programs. This is already a matter which is entirely in the hands of the States and the caliber of the persons who handle public assistance will not be improved by this provision. The State authorities can now as they always could heretofore check, recheck, and double check every recipient of the monies paid out under the social security system. This is in addition to the fact that no person can be placed upon the rolls in the first instance unless and until he is thoroughly investigated. All these functions of control are not in the hands of the Federal Government, but in the hands of the State exclusively. The Federal Government accepts on faith the certified expenditures as they are presented by the State for reimbursement.

On the other hand, this provision will cause those States that do decide to make this information available to the public no end of worry and concern. There will be one continuous stream of recipients clamoring at the doors of welfare offices asking these offices to justify the payment of differing amounts of money to different persons on the public assistance rolls. We all know that varying payments are bound to occur since the needs of recipients differ so widely. You can mark my words that after the States have published these rolls in their papers, it will not be long before they will see the error of their ways and again limit the use of this information to purposes connected with the administration of the social security programs.

I am not at all happy with this conference report, and I vote for it not because I think it is an adequate bill in any sense of the word, but because the need for a pay-as-you-go plan is necessary to narrow the gap between revenue and expenditures and thus to stay as far away from the dangerous and costly idea of deficit spending as possible. This only piles up the burden of an increased debt upon future generations, while at the same time doubling the cost of its reduction. I call to your attention the fact that every $1,000,000,000 added to the Nation's debt is likely to cost the taxpayers an added $1,000,000,000 in interest before it is repaid. Moreover, I am opposed to the meager amount covered in the conference report because of the grave international situation, and because the need of our country at this time for additional revenue is desperate.

Under the circumstances, it was impossible to effectively bargain with the Senate conferees or to arrive at a reasonable compromise as is expected of a conference committee for the reason that the Senate's preference frankly was "no additional revenue," therefore they would rather have no tax bill even as rewritten in the other body. The position of the Senate conferees was strongly reinforced by our own division. The House minority conferees in so many important instances strengthened the unanimous and uncompromising position of the Senate. We of the House majority, too, faced with the problems injected into the bill after it left the House, were not always united and the Senate proposals to that effect were further buttressed toward acceptance or an alternate deadlock, which meant no bill. The attitude of the minority conferees of the House, as expressed by themselves in opposition to the conference report regardless of its final form, indicates how they will vote in the House. Take your cue from the publicized statement of the Republican minority leader, the gentleman from Massachusetts, JOSEPH W. MARTIN, when, according to press reports, he said he would vote against a compromise tax bill, which means the conference report. I believe I am safe in saying that the Republican House conferees will unanimously follow their leader. The minority of this House would like nothing better than to see this conference report voted down and the chances for additional revenue killed, with the dangerous gap of inflation widened by deficit spending and the resultant chaos and high prices placed at our doorstep and charged as being our fault and solely as our responsibility.

That is why I am constrained in spite of my disappointment to vote for the conference report and to urge you to do so in the interests of the people.

I want all my colleagues on this side to hold to the conference report. Do not be fooled by the attitude of the Republicans on that side of the aisle.

Mr. Speaker, I include herewith an interesting table on excise taxes, present versus proposed:

Comparison with present law of excise taxes affected by conference bill

	Present law		Conference bill	
	Tax base	Rate	Change in base	Rate
Alcoholic beverages:				
Distilled spirits	Per proof gallon	$9	None	$10.50.
Fermented malt liquor	Per barrel	$8	do	$9.
Wines	Per gallon by alcoholic content.	15 cents, 60 cents, $2	do	17 cents, 67 cents, $2.25.
Occupational taxes:				
Distilled spirits:				
Retailers	Per year	$27.50	do	$50.
Wholesalers	do	$110	do	$200.
Fermented malt liquor: Wholesalers	do	$55	do	$100.
Tobacco:				
Small cigarettes	Per 1,000	$3.50	do	$4.
Chewing and smoking tobacco	Per pound	18 cents	do	10 cents.
Snuff	do	do	do	Do.
Manufacturers excise taxes:				
Passenger automobiles	Manufacturers price	7 percent	do	10 percent.
House trailers	do	do	Exempt	
Trucks, busses, tractors	do	5 percent	None	8 percent.
Parts and accessories	do	do	do. [1]	Do.
Tires	Per pound	5 cents	Exempt tires for toys, etc	No change.
Gasoline	Per gallon	1½ cents	None	2 cents.
Diesel fuel			Per gallon	Do.
Electrical energy	Charge	3½ percent	Repeal	
Electric, gas and oil appliances	Manufacturers' price	10 percent	Certain items added to base [2]	No change.
Refrigerators, air-conditioners, etc	do	do	Exempt sales to manufacturers	Do.
Radios and equipment	do	do	Exempt equipment sold to U. S. Government	Do.
Sporting goods	do	do	Exempt certain items	15 percent.
Photographic apparatus and film	do	25 percent, 15 percent	Exempt business cost items	20 percent.
Mechanical pens and pencils			Manufacturers' price	15 percent.
Cigar, cigarette and pipe mechanical lighters			do	Do.
Retailers' excise taxes: Baby oils, etc., barber and beauty shop supplies.	Retailers price	20 percent	Exempt	
Transportation and communication:				
Transportation of persons	Charge	15 percent	Exclude fishing trips and certain ocean travel	No change.
Transportation of property	do	3 percent	Excludes excavation material moved to adjacent area.	Do.
Domestic telegraph	do	25 percent	None	15 percent.
Toll telephone	do	do	Exempt calls from servicemen in combat areas.	No change.
Amusement and recreation:				
Admissions, general	Established prices	20 percent	Certain organizations exempt	Do.
Admissions, cabarets, etc	Taxable amount	do	Exclude incidental refreshments sold in ballrooms.	Do.
Gambling taxes:				
Wagering			Amount wagered	10 percent.
Occupational tax on wagering			Per year	$50.
Coin-operated gaming devices	Per year	$150	None	$250.

[1] Exempt rebuilt parts, and those used on farm machinery.
[2] Exempt commercial and industrial types, except commercial electric motor driven fans and air circulators.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. MORANO. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MORANO. Mr. Speaker, Casco Products, the largest heating pad manufacturer in the country, has a plant in Bridgeport, Conn., which is in the district I represent.

This conference report removes the excise tax on electric heating pads. There is no provision whatsoever in this report for protection to thousands of dealers and distributors across the Nation covering inventories on which the excise tax has already been paid. This will cause a great hardship to Casco Products because all its customers are looking to it for refunds. Likewise, manufacturers of the heating pad, industrywise, are being besieged by the jobbers and wholesalers for refunds.

Since manufacturers have already paid the excise tax on the inventories, if they are required to reimburse their customers they stand to lose tens of thousands of dollars, because 75 percent of the entire year's business has been shipped during the last 90 days. And if manufacturers are required to issue refunds to their wholesalers and dealers, this would result in a double payment of a tax which is being repealed. Obviously, this should not be the intent of the Congress.

The inventories above referred to are those goods shipped to distributors and dealers by manufacturers since June that have not been sold to the consumer.

What action other than to amend the code can your committee take to avoid complete confusion, chaos, and hardship in the entire heating pad manufacturing industry and the unjust loss of tens of thousands of dollars. Is there administrative recourse to remove this inequity. In my opinion it might be better not to repeal this excise tax on heating pads until March 31, 1952. Action of this kind would remove hardship and chaos in the industry.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I have no idea how long it is going to take the American people to realize we have reached the utmost limit of sensible and reasonable taxation in this country. Why is it, do you suppose, that the Committee on Ways and Means of the House of Representatives has worked since last February on a tax-increase bill? Why, you might reasonably ask, did we not get together and simply pass a tax-increase bill and raise at least a substantial portion of the money for which the President of the United States asked? Certainly this Congress has indicated a willingness to work along with the President in the war emergency in which we find ourselves. The Congress is willing to do it, it is anxious to do it, but we cannot do it, with respect to taxation, because we members of the committee know that we have reached the upper limits beyond which the imposition of more and more taxes is going to cause undue and unnecessary suffering upon our low-income groups. Increased taxes are going to retard production at the very time we need increased production of materials for the conduct of war. So our committee spent days, weeks, and months trying to work out some means by which taxes could be increased to the extent of at least part of the amount asked by the President. We have failed to increase taxes to the amount he asked because, as I said earlier, we know that such a thing would be disastrous to the economic life of our country. We have failed because we know that the tax burden today upon the American citizen, the greatest tax burden in history in peacetime, has reached the point where production will suffer at the very time we want to have it increased.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. EBERHARTER. Mr. Speaker, I am particularly thankful to the gentleman from Pennsylvania for yielding to me inasmuch as I could get no time whatever from my chairman. I want to say to the membership of the House, Mr. Speaker, that I am unalterably opposed and most sincerely opposed to this conference report, and the provisions of the bill. It is my firm conviction, Mr. Speaker, that if the membership of the House really were generally acquainted with the various provisions of this bill, the conference report would not have a ghost of a chance of passing this body. I hope the membership will recommit the conference report so that the Committee on Ways and Means, if they want to bring out a tax bill, can bring out a tax bill that can be supported.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I think if the Congress looks to the future and recognizes the true facts and realizes that we are going to have a very large deficit in our financial picture next year, they will consider the effect of heavier and heavier taxes very carefully. We have reached a crisis where very prominent Members of the other body, as well as prominent Members of this body, have said that we have reached the ceiling and that there should be no more tax bills raising individual tax rates so long as we remain out of a real war. I use the expression real war advisedly, and not to express my opinion, because I know that we are in the midst of a deadly war today. Of course, if and when a real war comes, we must keep our economy strong here at home if we are to lead other nations to strength and freedom. Higher taxes will break down the economic life of this country, from which we get the tanks and guns and ships, and from which we get our own resources.

From these resources, we have thus far been able to send help abroad.

If we in this country, through unwise taxation, seek to do more than the economy of the country will stand, we will be broke. In the final analysis there is a limit to which even the richest person, the richest Nation can extend himself.

I believe, and I think a majority of the two financial committees of the Congress are of the opinion that we have about reached that limit; that we must have economy, and if we do not have economy we are certain to have deficit financing, with the ills that will be attributable to it.

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. SIMPSON] has expired.

Mr. EBERHARTER. Mr. Speaker, before we vote on the conference report on the tax bill, I think the Members of the House should understand how the bill we passed last June was butchered in the other body and in conference. I do not object to butchering quite so much if everybody gets a fair cut of the hog. But when a favored few get all the ham and pork chops, and the rest of the people get just plain old sow belly, at least the people are entitled to know what they are swallowing.

This is what has happened. The conference bill raises almost a billion and a half dollars a year less than the House bill. Now, just who is going to save this $1,500,000,000 that would have been paid under the House bill? Let us see how much of the tax load was lifted from people with incomes below $5,000, and how much went to those who are better able to pay.

First, take the cut in individual income taxes of $254,000,000 a year agreed to in conference. Of this amount $66,000,000, or 23 percent, went to people with net incomes of less than $5,000. This leaves $218,000,000, or 77 percent of this relief for people above $5,000 annual income.

Then consider the complete exemption from any share of the defense-tax load accorded to people with capital gains. These lucky people, provided they have net income of $18,000 a year, if single, or $36,000 a year, if married, pay no additional tax whatever on their capital gains under this bill. They receive an extra tax dividend of $54,000,000 that would have been due under the House bill. Of course, people with less income pay an additional 11¾ percent on their capital gains. You have to be in the chips to qualify.

The next bonus for the coupon clippers was the $300,000,000 lost from exempting dividends and interest from withholding. The man or woman who works for a living has his income taxes deducted from the pay check. But the coupon clippers have been forgetting to report for tax purposes nearly $3,000,000,000 of dividends and interest every year. The House bill would have made them pay just like the people who have to work for a living. The Senate bill and the conference report allows them to continue to dodge their taxes.

A final morsel for a few people over 65 is the more generous deduction for medical expenses. The only catch is that 85 percent of the people over 65 do not have enough income to get any benefit from this scheme. But the elder Morgans and the Rockefellers, and the Pews, all will be able to pay their doctor bills with a smile—knowing they get a full deduction for Federal income-tax purposes.

Then, let us take a look at the tax relief for corporations under the conference bill as compared with the bill we passed in June. Although corporations generally will still have to pay an extra $2,000,000,000 a year, the most prosperous companies are given excess-profits tax benefits of nearly $500,000,000 a year.

Think of it—when corporate profits for the first quarter of 1951, before taxes reached an all-time high rate of $52,000,000,000 a year, more than 25 percent higher than just before the Korean invasion—and while corporate profits after taxes are more than double the profits for 1944, the banner year during World War II—this bill, in effect, hands back to the corporations which have profited most from the defense effort a tax bonanza of half a billion dollars.

And then they tried to make up a part of the loss by taxing the workingman's savings banks and the building and loan associations through which he bought his home. Even the farmer's cooperatives are attacked in an effort to disguise the real tax favoritism extended to upper-bracket individuals and the corporations owing excess-profits taxes.

It is easy to hide a lot of private relief measures in a big bill like this. How many taxpayers under $5,000 do you suppose will be aided by the Senate amendment to give capital gain treatment on receipts of certain termination payments by employee, as section 329 of the bill is entitled.

Yes, the average taxpayer pays at the going rate. But the well-financed smart boys legalize their tax-dodge schemes through stock options, family partnerships, multiple corporations, and dozens of other technical sounding loopholes reopened or widened by the conference bill.

You have got to have money—a lot of money—for them to do you any good. But, boy, is it ever worth while when you get there.

As might be expected, there was no cut made in the excise tax increase made by the House bill. Excises are sales taxes—and are not based on ability to pay. So the pack-a-day smoker will pay $3.65 a year more for cigarettes—whether he makes $3,000 a year or $3,000,000.

Does this sound like a square shake or a fair deal?

Even the poor man over 65 and the needy blind receiving public assistance will have to pay this increase in tax out of their meager pensions.

And that is not the only penalty paid by the poor under this bill. When Congress passed the Social Security Act in 1935 and improved it in 1939, I thought we had removed forever in this country the degredation of poverty and want in old age.

But now this bill—through the so-called Jenner amendment—would turn back the clock just as the Eightieth Congress removed nearly a million workers and their families from the old-age and survivors' insurance rolls.

Once again the privacy of the poor would be invaded. The published poor list would give up the humiliating secret that up till now has been shared only with the postman. The misery and remorse of poverty and failure in old age would be laid bare for all to see.

Mr. Speaker, such a provision could never become law as a separate bill under the present administration. That such an abominable and irrelevant rider should be inserted in a major tax bill is an outrage.

It has helped me, however, in arriving at a decision to vote against this bill. When I couple this Jenner amendment with the 14 to 1 ratio of the tax relief granted to wealthy individuals, and great corporations, I cannot in good conscience vote to adopt the conference report.

The bill should be defeated.

Mr. DOUGHTON. Mr. Speaker, I yield 1 minute to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS of Nebraska. Mr. Speaker, I shall vote against this conference report, and I hope it is defeated and that no tax bill at all is passed. We have reached the point, and far beyond, of irresponsible spending and taxation. If you believe that this great and marvelous economy of ours can be destroyed by taxation, you must come to the conclusion that that point has been reached now. The rates imposed by this bill on business and on individuals can only promote further socialism, further nationalization of industry, and more inflation. It is a destructive move. By better and more efficient collection of taxes we can improve the Treasury by a billion dollars. We should also rescind appropriations heretofore made by enough billions to balance the budget and save this economy.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. DOUGHTON. Mr. Speaker, I yield the remainder of my time, 8 minutes, to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Speaker, it seems from what has been said today that we do not like to have to face up to realities on occasions. As the chairman of the Ways and Means Committee already stated, we are faced with a situation. It is not a theory.

We come to the closing days of this session of the Eighty-second Congress. Practically every appropriation bill for fiscal 1952 has been passed. Is there a Member present on this floor now who feels that the Treasury will take in, under existing tax laws, a sufficient amount of revenue to meet those appropriations which have been passed by this House? Not one. You cannot find an individual who is conversant with fiscal matters who will advise you that we will.

Now, it is fine to have your cake, but we are now at the point where we have to pay. That is distasteful. There is no one in the world who dislikes to support or advocate increased taxes more than I, but we have to be honest and sincere with ourselves and with the people whom we represent in the halls of the Congress of the United States.

Now, why should this conference report be accepted? First of all, I see friends of mine on the Appropriations Committee before me who will admit that, on the basis of what we have already appropriated, it is quite evident that this additional amount of some $2,700,000,000 in fiscal 1952 will be needed. On the basis of what all of us anticipate the burdens will be on the Federal Government in fiscal 1953, we know that the additional $5,800,000,000 under a full year's operation will be needed then, unless there is a general disarmament program throughout the world. We know that.

It is fine to talk about reducing expenditures; we are all for reducing expenditures. I take my hat off to my friend the gentleman from New York [Mr. TABER], who has made a noble fight in that direction, but the Congress of the United States has spoken; these appropriations have been made: Whatever may have been our personal desires, it is an event that has occurred.

What is the other point in opposition to the conference report? Somebody distributed some information that disturbed a lot of my colleagues on the Democratic side. It is charged that this conference report is unfair, vicious, that it discriminates against the low income groups. Let us see just what this conference report does for just a minute. The House passed a provision for increasing rates on individuals; the Senate acting within its own discretion and in its own judgment lowered that provision; the conference committee found a happy meeting ground right halfway between the 12½ percent Senate rate and the 11 percent House rate, bringing in a rate of 11.75 percent as a compromise.

Oh, yes, they say it increases the taxes on those in the low brackets excessively over those in the upper brackets. Well, yes, to a degree this may be true. So did the House bill. You cannot, Mr. Speaker, increase rates in certain brackets under our present law, applying the same percentage increase that you do in the lower brackets, without taking about 105 cents out of every dollar that is received in those brackets. You have to look at existing law and consider that in relation to whatever rates you propose to increase in a tax bill.

The Senate gave us practically in toto the corporation rate contained in the House bill. The effective date in the House bill was January 1 next year, in the Senate bill April 1. We considered it a pretty fair trade on our part when we were in conference. They gave us practically in toto what we provided in the House bill on excises and then they included some 200 more amendments to the bill, many of them without substantive effect.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. TABER. Does the gentleman realize that the cuts that the House made in the appropriations amounted to $4,900,000,000? And that if the amendments offered had been adopted it would have been in the neighborhood of $5,800,000,000?

Mr. MILLS. Yes; that has been the reduction, and I am proud of it. But the fact remains, in spite of that reduction, that we have already approved through this House appropriations that will go in excess of the $63,000,000,000 that we will take in during fiscal 1952 if we pass this conference report.

I am more concerned, however, about the charges that the bill is unfair. It is not entirely in keeping with my own thinking, but when you come out of a conference on any legislation it has been my experience that you do not get it just as you want it; you have to give a little here and take a little some place else. It is just as fair as a conference report on this tax bill can be made.

Some talk about sending the bill back to conference. Mr. Speaker, there are things in here that the House Democratic conferees went along on in the hope that it would be possible to get acceptance of the conference report by all those interested in a sound fiscal position for our Government. If the bill goes back to conference, and there are no instructions on what is to be done, some of those provisions may not come back in the next conference report.

This conference report is the best we can get. Cast aside this thought that it is discriminatory, that it is unfair, that it is vicious.

Mr. Speaker, the House should accept the conference report as the best job that we can do now or in the future. It should be adopted in the hope that this amount of revenue that we would bring into the Treasury in 1952 will permit us to remain on a pay-as-you-go basis.

One of the greatest speeches made on the floor of the other body was made last fall by a very distinguished Member who said that we must remain on a pay-as-you-go basis. This is a step in that direction, Mr. Speaker, and each Member should think long, and should consider his own best judgment before voting to recommit this conference report.

Mr. MARTIN of Massachusetts. Mr. Speaker, it is never pleasant to vote for a tax-increase bill, yet in the last 15 years I have voted for every major tax bill which the Congress has passed. The times and the circumstances, particularly during World War II, made it necessary that the Federal Government increase its revenue.

Tomorrow the House will consider a conference report on a bill to increase personal income taxes approximately 12 percent and altogether to raise an additional $5,700,000,000. The Congress is faced with a serious problem. There is not a Member of either the Senate or House who does not know deep in his heart that this administration is wasting billions of dollars annually in probably the most reckless spending spree in the history of all nations.

The President's attitude on spending was made unmistakably clear at the beginning of this session of Congress when he publicly dared the Congress to attempt to cut so much as a penny from his budget request. No effort has been made to bring about economy, efficiency, and elimination of waste under plans recommended by the Hoover Commission, Senator BYRD, and others. There are other ways than higher tax bills to stop inflation and balance budgets.

The redress of the American people is at the polls, but I cannot see why they should be penalized in the interim by having their taxes raised to an all-time record high. A real drive for economies should have preceded this tax bill. It was essential for national solvency.

There is more at stake than the burden of taxes. If this tax bill becomes law, approximately one-third of the income of the American people will be going to Government—Federal, State, and local. The history of monarchies and the Communists and Socialist dictatorships has demonstrated conclusively that no people can be free when the citizen has less and less of his own money to spend and

the Government spends more and more of it for him.

When taxes reach the point that they are depriving the American citizen of one-third of his income, simply to meet the cost of Government, then the citizen is approaching the point of no return. Because I am convinced that the only hope of stopping the irresponsible spending of this administration lies in cutting off new tax sources, I shall vote against the tax bill when the conference report is brought up in the House tomorrow. This administration will never start to economize until forced to do so.

Mr. MARTIN of Iowa. Mr. Speaker, I voted against H. R. 4473 when it was before the House for consideration June 22. Since that time the Senate Committee on Finance, the Senate, and the committee on conference between the House and the Senate have made many changes in the proposed legislation. Most of these changes have been improvements in the bill but I am still opposed to the enactment of this bill into law.

During my service in Congress I have witnessed the enactment of appropriation bills providing for tremendous increases in Federal spending and likewise tax laws calling for tremendous increases in our taxes. Practically every new increase in taxes has been heralded as the means for stopping inflation through reducing funds available for private spending, yet total spending has gone merrily on, augmented primarily by greatly increased Federal spending. Deficit spending is undoubtedly one of the factors contributing to inflation, but higher taxation has not stopped deficit financing because Federal spending has habitually exceeded Federal revenues. I have become thoroughly convinced that the only hope of stopping the irresponsible and extravagant spending of this administration lies in our refusal further to increase our tax rates.

We have already hit the ceiling of bearable taxation, even though Truman administration backers refuse to recognize that fact. And we now are witnessing a determined effort by the Truman administration to pyramid still higher tax rates upon our already overburdened taxpayers.

I do not have time in this brief discussion to recite in detail the revenues of all the countries of the world, but I requested the staff of the Joint Committee on Internal Revenue Taxation to prepare an estimate of tax revenues of the central government of each country and to translate that revenue into American dollars to enable us to compare our total Federal tax revenue with the other nations. The latest year for which such estimate can be made is 1949 and I know that Congress and the Nation will be interested to hear that in the fiscal year 1949 the total tax revenue of the 72 other countries is estimated to be $68,800,000,000. In 1949 our own total Federal tax revenue was $40,000,000,000. Looking ahead, their estimate of the total United States Federal tax revenue for fiscal 1951 is $61,000,000,000, for 1942, $64,000,000,000, and for 1953, $67,000,000,000. If we are to weigh the Federal revenues of 1953 against the revenues of 1949, I understand that inflation would require our reduction of the 1953 revenues by approximately 15 percent, so that our 1953 revenues will actually stand at approximately $57,000,000,000 on 1949 values. There is another factor involved in this comparison, however, that we cannot estimate, namely, the increases in tax rates in other countries subsequent to 1949. But we know that the total tax revenue of the 72 other countries has not been increased since 1949 as much as our own. Consequently, our ratio of the total world tax revenues has increased to the point where we will soon be carrying close to half of the total world tax load.

Our carrying of such a tremendous proportion of the total world tax load has imposed a tremendous burden upon our people. Even prior to the enactment of the bill now before us our tax experts have told us that the total confiscation of all taxable individual incomes over $4,000 would increase our total Federal revenue only $9,720,000,000. I do not have at hand the adjustment of that figure to fit the new tax rates provided in the bill now before us, but we know that the proposed increase of the personal income taxes in this bill will take away a part of that $9,000,000,000 so that such confiscation hereafter would not produce even that much additional revenue. But who wants total confiscation above $4,000? We have already cut deeply into the incentive of our people to assume the hazards of industry and business. Our Federal Government cannot go on indefinitely playing this tax game on a "heads I win, tails you lose" basis without killing incentive.

Yes, we have already hit the tax ceiling, but in the words of Burke:

> Taxing is an easy business. Any projector can contrive new impositions; any bungler can add to the old; but is it altogether wise to have no other bounds to your impositions than the patience of those who are to bear them?

THE JENNER AMENDMENT

Mr. DENTON. Mr. Speaker, coming from the State of Indiana, as I do, I have no alternative but to vote for this tax bill, which includes the Jenner amendment. But I must say that I hope that none of the other Members of this House ever find themselves in such a position as that in which the dominant faction of the Indiana Legislature has placed me.

A vote against the Jenner amendment would allow the continuance in effect of the provision of the Federal Social Security Act which requires that the welfare records of cooperating States be kept confidential. But, at the same time, because the Indiana Legislature this year passed a State law conflicting with the Federal requirement, the rejection of the Jenner amendment would result in the continued denial to Indiana of Federal-aid funds necessary to a workable State welfare-assistance program, and bring undeserved hardship and misery to the needy persons of my State.

A vote for the Jenner amendment would remove the Federal restriction, thus, of course, permitting the restoration of Federal welfare aid to Indiana and insuring again deprivation and want among the ranks of the needy. That is necessary, in the immediate interests of humaneness and decency. However, there are many who maintain that the opening of welfare records ignore another consideration of humaneness and decency, and who have asked to be given a hearing on any question of changing the Federal law.

But the Indiana Legislature chose to take the State out of conformity with the Federal law, and keep it out, before Congress had an opportunity to take any kind of action. This deliberate and continued nonconformance has compelled Congress to act in haste, under the pressure of a local emergency forced upon it by a State legislature.

As a Member of Congress, I think I should be expected, and entitled, to consider this matter on its merits, hear the arguments for and against changing the confidential-records law, and then vote as my conscience dictates. But the dominant faction in the Indiana Legislature has denied me that privilege.

As it is I can only consider the fact that, if the Federal welfare law is not changed, the people of my State will be subjected to double taxation, the State's finances jeopardized, and the welfare of the aged and needy imperiled.

I was a member of the Indiana Legislature in 1941 when a bill was introduced by the then State Republican leader, to amend the State welfare law. When the bill reached the lower house, it was amended to include the confidential-records provision. We were told by the Republican leaders of the legislature at that time that the provision was necessary in order to conform with the Federal law.

If conformance with the Federal law in 1951 involved "dictatorship," as some people have loudly maintained, then the Republican leaders of the Indiana Legislature sold the State into that "dictatorship" in 1941. I voted against the 1941 welfare law, because of another provision which it contained. All the Republicans voted for it. The governor vetoed the bill, because of the same provision which I had found objectionable, but the Republicans, to a man, voted to override his veto. That is how the Indiana welfare records came to be made confidential.

For 10 years, this law remained in force, but when the Indiana Legislature met this year, a great hue and cry went up to repeal the State law and open the welfare records. It was repeatedly pointed out to the State legislature that, if they did that, the State law would conflict with Federal law, and Indiana would not be entitled to participate in the distribution of Federal welfare funds.

Notwithstanding this knowledge, the open-records bill was passed by a strict party vote, and enacted into law over the Governor's veto. As a consequence, Federal welfare aid to Indiana was cut off. The case was taken to court, and the court decided against Indiana and upheld the Federal ruling. The court admitted the predicament of Indiana's

welfare programs, but it pointed out that the fault rested entirely with the State legislature.

The Governor called a special session of the legislature to study the situation, and work out a solution. But the legislature has apparently become hopelessly deadlocked. One group urged that the State law be suspended until Congress would consider the question. But the dominant faction blocked the suspension. This group was willing to impair the State's conformity with the Federal law further, by adopting a so-called home rule welfare law, which would have placed Indiana irretrievably beyond recovery of Federal funds.

At this stage of affairs, the Jenner amendment was tacked onto the tax bill. I realize that this was done in the Senate, and that the House conferees were charged with the duty of effecting a compromise. But I think it unfortunate that this legislation was handled by way of an amendment which was not considered in a House or Senate committee. There are many groups who feel that a Federal confidential-records law should not be altered. They can justly protest now that they were not permitted to state their views to Congress.

This whole proceeding demonstrates the ill-considered and unwise action of the Indiana Legislature, and I am afraid that it sets a dangerous precedent for tampering with the Federal-State relationship. Our existence as a Nation demands that the Federal Government be supreme over the States. Many will remember that, more than 120 years ago, Andrew Jackson cautioned that "our Federal Union, it must be preserved." Let us remember that admonition whenever the Federal authority and congressional prerogatives are challenged.

After this whole proceeding, I might liken myself to a player on a baseball team managed by the people of Indiana. I feel like a runner on second base when the runner on first attempts to steal second, and I am forced to try for third base. Maybe I will make it to third, but I assure you, if I was manager of that team, the man on first would be taken out of the game and he would never try that trick again. And I think the manager would be backed up by the citizens of the whole country sitting in the bleachers.

Probably you boys on the other side for the time being have won a battle, and I congratulate you. But I think you will find in the long run that you have lost a war.

Mr. BLATNIK. Mr. Speaker, I rise to speak in protest against this tax-increase bill (H. R. 4473) in the form as it has been reported by the House-Senate conferees, and to express my belief that the House should vote to send this measure back to committee.

Let me say at the outset that I have no quarrel with the proposition that Congress must find ways and means of raising more Federal revenues. However, I do want to say for the record that it is the obligation of Congress, in approving new tax legislation, to see to it that any tax increases shall be distributed equitably among all groups of our population. The bill now under consideration is unequitable and unsound. It fails to observe the basic principles of equity of sacrifice and it is my sincere belief that Congress has done a great injustice to the American people in reporting out a bill of this nature.

I will summarize briefly what I consider to be the basic defects in the bill. First, the bill increases the individual income tax rate by 11¾ percent. This across-the-board tax increase is most unsound because it tends to break down the progressive principle of Federal taxation and because it means in effect that a greater percentage of the Federal tax burden is being shifted from the big incomes to the low-income groups. In other words, the incidents of this new tax increase falls most heavily on the low-income individuals.

Second, I also want to object to the excise tax increases imposed by this new legislation. As we all know, an excise tax is nothing more than a hidden sales tax which is borne chiefly by the low- and middle-income families. This proposal could well lead us through the back door into a national sales tax which taxes away the basic essentials of ordinary daily living.

Third, while this bill imposes new burdens upon low-income families, it is most considerate with the big corporations. Corporate profits today are running at the all-time high of about $50,000,000,000 a year before taxes and $22,000,000,000 a year after taxes. It is estimated that the provisions of this bill will take about $2,000,000,000 of the $22,000,000,000 profit remaining after present taxes. Therefore, even if we pass this bill, the big corporations of America will still be left with $20,000,000,000 a year in profits.

In other words, Mr. Speaker, H. R. 4473 soaks the common people but permits the big corporations to escape their fair share of taxes. It is the same old story "penalize the poor but everything to the rich and powerful."

Finally, I wish to call attention to the vicious rider attached to this bill which permits State governments to publicize the names of persons on the public assistance rolls. To do this is a cruel injustice to the millions of old people, orphans, and dependent children now on public assistance because it exposes them to public ridicule and embarrassment. It is bad enough to shirk its duty by refusing to adopt a decent old-age pension system to give real economic security to the aged and the disabled. Now the Congress proposes that their names be publicized in the newspapers as recipients of old-age assistance and thus add insult to injury. I must protest this provision of the bill in the strongest terms at my command.

Mr. Speaker, there can be no doubt that tax increases are inevitable and that the Federal Treasury needs more revenues, but I say that if there must be sacrifice in the form of necessary taxes, let there be equality of sacrifice. What we need is a tax bill which gives needed tax relief to that low-income groups in the form of increased personal and dependency exceptions and at the same time chiefly increases corporate and excess profits taxes and thus tax more heavily those most able to pay. Such a bill would have my wholehearted support, but I cannot in good faith vote for this unsound and unequitable measure which violates every principle of tax justice. I urge the Congress to vote down this bill and direct the House Ways and Means Committee to write a new tax bill which conforms to the elementary principles of tax justice.

Mr. VORYS. Mr. Speaker, in a lot of ways I hate to vote for this conference report; it contains a number of inequities and it lays a heavy burden on everybody. But this Congress has already appropriated, with and without my vote, more money than will come in under our present tax laws. I am opposed in principle to deficit spending; we ought to approximate pay as we go, even in a period like this. We cannot do it with this year's spending without another tax bill. This bill is more than $4,000,000,000 below the President's request. That will be a deterrent to extravagance in spending. I do not think another report from these conferees will come very soon, or be much better.

It is easy to vote for pet appropriations and let somebody else vote the taxes, but if a majority of us do this we will never balance the budget. I am voting for this conference report.

Mr. PHILBIN. Mr. Speaker, I cannot and will not support this tax bill. In my opinion, it is a wholly unnecessary and unconscionable raid upon the meager earnings of the rank and file of the American people who would be compelled under its provisions to pay the overwhelming portion of its huge levies.

It also would impose a most destructive and repressive load upon our great American productive machine which must at all cost be kept healthy and vigorous to enable this Nation to produce the weapons, matériel, and equipment so vital to our national security at this critical time.

The power to tax is the power to destroy. Unless we can maintain our free enterprise and the unequaled incentive of our businessmen and people at the highest possible level of efficiency and productivity we cannot possibly hope to stand up successfully against the challenge of ruthless Communist dictatorship. This bill would place handcuffs upon our great, free productive potential.

In addition, it is not necessary unless and until we are directly engaged in all-out war. As a member of the House Armed Services Committee, it is my studied conviction that we are providing practically all our Armed Forces with more money than they can possibly spend. It is asserted by competent authority that at the end of the current fiscal year, the Armed Forces will have to their account in the neighborhood of $40,000,000,000 that they cannot possibly spend.

I am strongly of the view that one of the great and crying needs of the hour is insistence by the Congress of the meticulous elimination of waste, extravagance, and improvident spending by the military and every other branch of this

Government. We must scrupulously inspect and justify every single item of the budget to insure economy and efficiency and conserve our great national resources as against the day when we may have to mobilize and use them for the defense of the Nation.

Let me repeat, I cannot and will not in conscience vote to place this great additional and needless burden upon the backs of the American people and for that reason I must vote against this absolutely indefensible bill.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

CALL OF THE HOUSE

Mr. RABAUT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House. A call of the House was ordered.

The Clerk called the roll, and the following members failed to answer to their names:

[Roll No. 204]

Allen, Calif.	Dempsey	Murphy
Allen, La.	D'Ewart	Murray, Wis.
Angell	Dorn	Norrell
Baring	Durham	Patman
Bates, Ky.	Hébert	Phillips
Blackney	Herlong	Powell
Boggs, La.	Hess	Redden
Bosone	Holifield	Regan
Boykin	Irving	Ribicoff
Bramblett	Jackson, Calif.	Roosevelt
Brown, Ohio	Johnson	Sabath
Buckley	Kelley, Pa.	Scott,
Burleson	Kennedy	Hugh D., Jr.
Busbey	Keogh	Shelley
Byrnes, Wis.	Kersten, Wis.	Taylor
Camp	Kilburn	Thompson, Tex.
Celler	Lantaff	Thornberry
Chatham	Lucas	Watts
Cole, N. Y.	McDonough	Werdel
Combs	Mack, Ill.	Wilson, Tex.
Crawford	Madden	Wood, Ga.
Dague	Miller, Calif.	
Deane	Morrison	

The SPEAKER. On this roll call 362 Members have answered to their names. A quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

REVENUE ACT OF 1952—CONFERENCE REPORT

Mr. REED of New York. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. REED of New York. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. REED of New York moves to recommit the conference report on the bill H. R. 4473 to the committee of conference.

Mr. COOPER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on agreeing to the conference report.

Mr. REED of New York. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 157, nays 204, not voting 67, as follows:

[Roll No. 205]

YEAS—157

Abbitt	Ford	Merrow
Abernethy	Forrester	Mills
Adair	Frazier	Morris
Albert	Fugate	Morrison
Andersen, H. Carl	Gary	Morton
	Gathings	Multer
Andrews	Gordon	Murdock
Anfuso	Gore	Murray, Tenn.
Aspinall	Granger	Norblad
Bailey	Grant	Norrell
Bakewell	Greenwood	O'Brien, Ill.
Barden	Gregory	Patten
Battle	Hale	Perkins
Beamer	Halleck	Pickett
Beckworth	Harden	Poage
Bennett, Fla.	Hardy	Preston
Bennett, Mich.	Harris	Priest
Bentsen	Harrison, Va.	Prouty
Bonner	Hart	Rabaut
Bray	Harvey	Rains
Brown, Ga.	Havenner	Ramsay
Brownson	Hays, Ark.	Reams
Bryson	Hedrick	Richards
Burnside	Hillings	Riley
Burton	Holmes	Roberts
Byrne, N. Y.	Hope	Robeson
Carlyle	Hunter	Rogers, Fla.
Case	Ikard	Sasscer
Celler	Jarman	Seely-Brown
Chelf	Javits	Sheppard
Cole, Kans.	Jones, Ala.	Smith, Miss.
Colmer	Jones, Mo.	Smith, Va.
Cooley	Jones, Hamilton C.	Spence
Cooper		Staggers
Corbett	Jones, Woodrow W.	Stanley
Cotton		Steed
Cox	Judd	Stigler
Crumpacker	Kean	Stockman
Davis, Ga.	Kee	Tackett
Davis, Tenn.	Kelly, N.Y.	Teague
Davis, Wis.	Kerr	Thomas
Dawson	Kilday	Tollefson
DeGraffenried	King	Trimble
Denton	Kluczynski	Vinson
Dingell	Lanham	Vorys
Doughton	Larcade	Walter
Doyle	Lesinski	Wharton
Durham	Lind	Whitaker
Elliott	Lyle	Whitten
Engle	McCormack	Wickersham
Evins	McGrath	Willis
Fernandez	McKinnon	Zablocki
Fine	McMullen	
Fisher	Mahon	

NAYS—204

Aandahl	Church	Gross
Addonizio	Clemente	Gwinn
Allen, Ill.	Clevenger	Hagen
Anderson, Calif.	Coudert	Hall, Edwin Arthur
Andresen, August H.	Crosser	Hall, Leonard W.
	Cunningham	
Arends	Curtis, Mo.	Hand
Armstrong	Curtis, Nebr.	Harrison, Wyo.
Auchincloss	Delaney	Hays, Ohio
Ayres	Denny	Heffernan
Baker	Devereux	Heller
Barrett	Dollinger	Herter
Bates, Mass.	Dolliver	Heselton
Beall	Dondero	Hill
Belcher	Donohue	Hinshaw
Bender	Donovan	Hoeven
Berry	Eaton	Hoffman, Ill.
Betts	Eberharter	Hoffman, Mich.
Bishop	Ellsworth	Horan
Blatnik	Elston	Hull
Boggs, Del.	Fallon	Jackson, Wash.
Bolling	Feighan	James
Bolton	Fenton	Jenison
Bow	Flood	Jenkins
Brehm	Fogarty	Jensen
Buchanan	Forand	Jonas
Budge	Fulton	Karsten, Mo.
Buffett	Furcolo	Kearns
Burdick	Gamble	Keating
Bush	Garmatz	Kersten, Wis.
Butler	Gavin	Kirwan
Canfield	George	Klein
Cannon	Golden	Lane
Carnahan	Goodwin	Latham
Chenoweth	Graham	LeCompte
Chiperfield	Granahan	Lovre
Chudoff	Green	McCarthy
McConnell	Polk	Smith, Kans.
McCulloch	Potter	Smith, Wis.
McGregor	Poulson	Springer
McGuire	Price	Sutton
McVey	Quinn	Taber
Machrowicz	Radwan	Talle
Mack, Wash.	Rankin	Thompson, Mich.
Magee	Reece, Tenn.	
Mansfield	Reed, Ill.	Vail
Marshall	Reed, N. Y.	Van Pelt
Martin, Iowa	Rees, Kans.	Van Zandt
Martin, Mass.	Rhodes	Velde
Mason	Riehlman	Vursell
Meader	Rodino	Weichel
Miller, Md.	Rogers, Colo.	Welch
Miller, Nebr.	Rogers, Mass.	Wheeler
Miller, N. Y.	Rogers, Tex.	Widnall
Mitchell	Rooney	Wier
Morano	Sadlak	Wigglesworth
Morgan	St. George	Williams, Miss.
Moulder	Saylor	Williams, N. Y.
Mumma	Schwabe	Wilson, Ind.
Nelson	Scott, Hardie	Winstead
Nicholson	Scrivner	Withrow
O'Brien, Mich.	Scudder	Wolcott
O'Hara	Secrest	Wolverton
O'Konski	Shafer	Wood, Idaho
O'Neill	Sheehan	Woodruff
Ostertag	Short	Yates
O'Toole	Sieminski	Yorty
Passman	Simpson, Ill.	
Patterson	Simpson, Pa.	

NOT VOTING—67

Allen, Calif.	Dempsey	Murphy
Allen, La.	D'Ewart	Murray, Wis.
Angell	Dorn	Patman
Baring	Hébert	Phillips
Bates, Ky.	Herlong	Powell
Blackney	Hess	Redden
Boggs, La.	Holifield	Regan
Bosone	Howell	Ribicoff
Boykin	Irving	Rivers
Bramblett	Jackson, Calif.	Roosevelt
Brooks	Johnson	Sabath
Brown, Ohio	Kearney	Scott, Hugh D. Jr.
Buckley	Kelley, Pa.	
Burleson	Kennedy	Shelley
Busbey	Keogh	Sikes
Byrnes, Wis.	Kilburn	Taylor
Camp	Lantaff	Thompson, Tex.
Chatham	Lucas	Thornberry
Cole, N. Y.	McDonough	Watts
Combs	McMillan	Werdel
Crawford	Mack, Ill.	Wilson, Tex.
Dague	Madden	Wood, Ga.
Deane	Miller, Calif.	

So the conference report was not agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Byrnes of Wisconsin for, with Mr. Hess against.

Mr. Lantaff for, with Mr. McDonough against.

Mr. Madden for, with Mr. Brown of Ohio against.

Mr. Keogh for, with Mr. Howell against.

Mr. Sabath for, with Mr. Kelley of Pennsylvania against.

Mr. Herlong for, with Mr. Shelley against.

Mr. Bates of Kentucky for, with Mr. Taylor against.

Mr. Hébert for, with Mr. Angell against.

Mr. Watts for, with Mr. Phillips against.

Mr. Camp for, with Mr. Busbey against.

Mr. Chatham for, with Mr. Regan against.

Mr. Patman for, with Mr. Werdel against.

Mrs. Bosone for, with Mr. Dempsey against.

Until further notice:

Mr. Buckley with Mr. Allen of California.

Mr. Murphy with Mr. Blackney.

Mr. Roosevelt with Mr. Bramblett.

Mr. Powell with Mr. Crawford.

Mr. Deane with Mr. Cole of New York.

Mr. Redden with Mr. Dague.

Mr. Rivers with Mr. Jackson of California.

Mr. Sikes with Mr. Johnson.

Mr. Baring with Mr. Kilburn.

Mr. Holifield with Mr. Hugh D. Scott, Jr.

Mr. Miller of California with Mr. Murray of Wisconsin.

Mr. Mack of Illinois with Mr. Kearney

Mr. Boykin with Mr. D'Ewart.

Mr. IKARD changed his vote from "nay" to "yea."

Mr. DOYLE changed his vote from "nay" to "yea."

Mr. MOULDER changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. DOUGHTON. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendments to the bill H. R. 4473, and request a further conference on the disagreeing votes to the two Houses thereon.

The SPEAKER. The question is on the motion.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Mr. DOUGHTON, Mr. COOPER, Mr. DINGELL, Mr. MILLS, Mr. REED of New York, Mr. JENKINS, Mr. SIMPSON of Pennsylvania.

EXTENSION OF REMARKS

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent that I may extend my remarks in the RECORD on the tax bill conference report immediately following the remarks of the gentleman from Pennsylvania [Mr. SIMPSON].

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

SPECIAL ORDER GRANTED

Mr. REED of New York asked and was given permission to address the House on tomorrow for 30 minutes, following the legislative business of the day and any other special orders heretofore entered.

AMENDING HOUSING LEGISLATION TO GRANT PREFERENCES TO VETERANS OF THE KOREAN CONFLICT

Mr. SPENCE. Mr. Speaker, by direction of the Committee on Banking and Currency, I ask unanimous consent for the immediate consideration of the bill (S. 2244) to amend certain housing legislation to grant preferences to veterans of the Korean conflict.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, may I ask the gentleman to briefly explain the bill?

Mr. SPENCE. Mr. Speaker, the purpose of this bill is to give members of the Armed Forces in Korea the same privileges with reference to housing, under housing legislation that comes under the jurisdiction of the Committee on Banking and Currency, as was given to veterans of World War II. It gives to those engaged in the Korean conflict the same privileges and priorities that the veterans of World War II have in regard to FHA housing, public low-rent housing, Lanham Act housing, and the Greentown housing projects when they are disposed of.

Certainly there should be no discrimination against the heroic men who are now carrying on the conflict in Korea. I think none can read of the valor that was displayed at Heartbreak Ridge and not say that those fine men are entitled to every privilege that veterans of every other war have received.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Mr. Speaker, the minority on the committee are in hearty accord with the position taken by the gentleman from Kentucky [Mr. SPENCE]. This bill was reported out of the committee unanimously and I withdraw my reservation of objection.

Mr. FULTON. Reserving the right to object, Mr. Speaker, may I ask why the present administration limits the rights of Korean veterans only to housing? Why do you not give them the same rights otherwise?

Mr. SPENCE. We give them everything within the jurisdiction of our committee.

Mr. FULTON. But why does not the administration give the Korean war veterans all the same rights of education, housing, and all other rights as were given to World War II veterans?

Mr. SPENCE. I am heartily in favor of that, but all that this committee could give them was the rights within the jurisdiction of this committee.

Mr. FULTON. One further question: Why has it taken so long since the Korean war started to bring this legislation up. Why has it not been done earlier?

Mr. SPENCE. I do not know why it has not been done earlier, but it is done now. There is no use going into questions that do not arise at this time. The question is whether we are going to give them the rights provided in this bill at this time.

Mr. FULTON. One further question, I have not seen a copy of the bill and it is not here on the floor. In what words technically does the bill refer to the Korean conflict? Does it call it a war or a conflict?

Mr. SPENCE. It refers to those who were in service on or after June 27, 1950. The bill has just been reported. Why delay it? The sooner we pass this bill the better it will be for our servicemen. We should agree to the Senate bill.

Mr. FULTON. Will the gentleman accept an amendment to insert the words "Korean war" after the date "1950"?

Mr. SPENCE. No; I do not accept any amendment. The bill has been passed by the Senate and will become law if the House passes it.

Mr. FULTON. Mr. Speaker, I offer such an amendment.

The SPEAKER. The bill is not before the House yet.

Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none.

(The bill reads as follows:)

Be it enacted, etc., That paragraph (14) of section 2 of the United States Housing Act of 1937 (50 Stat. 388, as amended; 42 U. S. C. 1402) is amended to read as follows:

"(14) The term 'veterans' shall mean a person who has served in the active military or naval service of the United States at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President."

SEC. 2. The act of October 14, 1940, as amended (54 Stat. 1125, as amended; 42 U. S. C. 1521), is hereby amended (i) by striking out in paragraph (c) of section 505 and in paragraph (c) of section 602 the phrase "of World War II" wherever such phrase occurs; and (ii) by striking out in paragraph (b) of section 601 the phrase "during World War II", and substituting therefor the words "at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President."

SEC. 3. Public Law 65, Eighty-first Congress (63 Stat. 68), is hereby amended by adding, after the phrase "July 26, 1947," in section 2 thereof, the phrase "or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President,".

SEC. 4. The National Housing Act, as amended, is amended by stricking out the phrase "of World War II" wherever it occurs in paragraph (b) of section 213, and by adding the following proviso before the period at the end of said paragraph: ": *Provided*, That for purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President."

The SPEAKER. Without objection, the bill is engrossed, read a third time and passed, and a motion to reconsider laid on the table.

Mr. FULTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FULTON. At what time was the bill open for amendment?

The SPEAKER. When unanimous consent for its consideration was given. The Chair waited. No one rose. Then the Chair put the question on engrossment, third reading, and passage of the bill.

Without objection, a motion to reconsider is laid upon the table.

There was no objection.

AMENDMENT TO RAILROAD RETIREMENT ACT AND THE RAILROAD RETIREMENT TAX ACT

The SPEAKER. The gentleman from Ohio [Mr. CROSSER] is recognized.

Mr. CROSSER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 3669) to amend the Railroad Retirement Act and the Railroad Retirement Tax Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 3669, with Mr. DAVIS of Tennessee in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. General debate having been concluded, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 1 of the Railroad Retirement Act of 1937, as amended, is amended by substituting in the last sentence of subsection (f) thereof the phrase "one hundred twenty-six" for the phrase "fifty-four" and by adding after subsection (p) thereof a new subsection as follows:

"(q) The terms 'Social Security Act' and 'Social Security Act, as amended,' shall mean the Social Security Act as amended in 1950."

SEC. 2. Subsection (a) of section 2 of the Railroad Retirement Act of 1937, as amended, is amended by inserting in the first sentence thereof, after "enactment date," the following: "and shall have completed 10 years of service,"; by inserting in the first sentence of paragraph 5 of said subsection a period after the phrase "regular employment" and striking out all of that sentence following that phrase; and by striking out the next to the last sentence of such subsection (a).

SEC. 3. Subsection (c) of section 2 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase "60 days" the phrase "6 months."

SEC. 4. Subsection (d) of section 2 of the Railroad Retirement Act of 1937, as amended, is amended by inserting in the first sentence "(i)" after "individual" and by changing the period at the end of the first sentence to a comma and inserting after the comma the following: "or (ii) is receiving an annuity under paragraph 1, 2, or 3 of subsection (a), or under paragraph 4 or 5 thereof after attaining age 65, is under the age of 75, and shall earn more than $50 in 'wages' or be charged with more than $50 in 'net earnings from self-employment,' or (iii) is receiving an annuity under paragraph 4 or 5 of subsection (a), is under the age of 65, and shall earn more than $100 in 'wages' or be charged with more than $100 in 'net earnings from self-employment.' "

SEC. 5. Section 2 of the Railroad Retirement Act of 1937, as amended, is amended by adding after subsection (d) thereof the following new subsections:

"(e) For the purpose of this section and of subsection (i) of section 5, 'wages' shall mean wages as defined in section 209 of the Social Security Act, without regard to subsection (a) thereof; and 'net earnings from self-employment' shall be determined as provided in section 211 (a) of the Social Security Act and charged to correspond to the provisions of section 203 (e) of that act.

"(f) SPOUSE'S ANNUITY: The spouse of an individual, if—

"(i) such individual has been awarded an annuity under subsection (a) or a pension under section 6 and has attained the age of 65, and

"(ii) such spouse has attained the age of 65 or, in the case of a wife, has in her care (individually or jointly with her husband) a child who, if her husband were then to die, would be entitled to a child's annuity under subsection (c) of section 5 of this act,

shall be entitled to a spouse's annuity equal to one-half of such individual's annuity or pension, but not more than $50: *Provided, however,* That if the annuity of the individual is awarded under paragraph 3 of subsection (a), the spouse's annuity shall be computed or recomputed as though such individual has been awarded the annuity to which he would have been entitled under paragraph 1 of said subsection: *Provided further,* That any spouse's annuity shall be reduced by the amount of any annuity and the amount of any monthly insurance benefit, other than a wife's or husband's insurance benefit, to which such spouse is entitled, or on proper application would be entitled, under subsection (a) of this section or subsection (d) of section 5 of this act or section 202 of the Social Security Act; except that if such spouse is disentitled to a wife's or husband's insurance benefit, or has had such benefit reduced, by reason of subsection (k) of section 202 of the Social Security Act, the reduction pursuant to this subsection shall be only in the amount by which such spouse's monthly insurance benefit under said act exceeds the wife's or husband's insurance benefit to which such spouse would have been entitled under that act but for said subsection (k).

"(g) For the purposes of this act, the term 'spouse' shall mean the wife or husband of a retirement annuitant or pensioner who (i) was married to such annuitant or pensioner for a period of not less than 3 years immediately preceding the day on which the application for a spouse's annuity is filed, or is the parent of such annuitant's or pensioner's son or daughter, if, as of the day on which the application for a spouse's annuity is filed, such wife or husband and such annuitant or pensioner were members of the same household, or such wife or husband was receiving regular contributions from such annuitant or pensioner toward her or his support, or such annuitant or pensioner has been ordered by any court to contribute to the support of such wife or husband; and (ii) in the case of a husband, was receiving at least one-half of his support from his wife at the time his wife's retirement annuity or pension began.

"(h) The spouse's annuity provided in subsection (f) shall, with respect to any month, be subject to the same provisions of subsection (d) with regard to service, 'wages' and 'net earnings from self-employment' as the individual's annuity, and, in addition, the spouse's annuity shall not be payable for any month if the individual's annuity is not payable for such month (or, in the case of a pensioner, would not be payable if the pension were an annuity) by reason of the provisions of said subsection (d). Such spouse's annuity shall cease at the end of the month preceding the month in which (i) the spouse or the individual dies, (ii) the spouse and the individual are absolutely divorced, or (iii), in the case of a wife under age 65, she no longer has in her care a child who, if her husband were then to die, would be entitled to an annuity under subsection (c) of section 5 of this act."

SEC. 6. Subsection (a) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by changing "2.40" to "2.80", "1.80" to "2.00", and "1.20" to "1.40"; and by striking out the phase "next $150" and substituting for said phrase the following: "remainder of his 'monthly compensation'."

SEC. 7. Subsection (b) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by substituting (in each instance in the parenthetic phrase of paragraph (1)) "his 'monthly compensation' " for "$300"; by striking out all of paragraph (4) and inserting in lieu thereof the following paragraph:

"The retirement annuity or pension of an individual, and the annuity of his spouse, if any, shall be reduced, beginning with the month in which such individual is, or on proper application would be, entitled to an old age insurance benefit under the Social Security Act, as follows: (i) in the case of the individual's retirement annuity, by that portion of such annuity which is based on his years of service and compensation before 1937, or by the amount of such old age insurance benefit, whichever is less, (ii) in the case of the individual's pension, by the amount of such old age insurance benefit, and (iii) in the case of the spouse's annuity, to one-half the individual's retirement annuity or pension."

SEC. 8. Subsection (c) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by inserting in the last sentence thereof after "$300" the following: "through the calendar year 1951, and in excess of $400 thereafter,".

SEC. 9. Subsection (e) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by striking out the phrase "and not less than 5 years of service"; by changing the phrase "subsection 2 (a) (3)" to "sections 2 (a) 3 or 3 (b) (4)"; by changing "$3.60" to "$4.10", and "$60" to "$68", and by changing the period at the end of the subsection to a colon and inserting after the colon the following: "*Provided, however,* That if for any entire month in which an annuity accrues and is payable under this act the annuity to which an employee is entitled under this act (or would have been entitled except for a reduction pursuant to section 2 (a) 3 or a joint and survivor election), together with his or her spouse's annuity, if any, or the total of survivor annuities under this act deriving from the same employee, is less than the amount, or the additional amount, which would have been payable to all persons for such month under the Social Security Act (deeming completely and partially insured individuals to be fully and currently insured, respectively, and disregarding any possible deductions under subsection (f) of section 203 thereof) if such employee's service as an employee after December 31, 1936, were included in the term 'employment' as defined in that act and quarters of coverage were determined in accordance with section 5 (1) (4) of this act, such annuity or annuities, shall be increased proportionately to a total of such amount or such additional amount."

SEC. 10. Section 3 of the Railroad Retirement Act of 1937, as amended, is amended by striking out subsection (h) thereof.

SEC. 11. Subsection (i) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by redesignating it as subsection (h).

SEC. 12. Subsection (a) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting "and Widower's" after "Widow's"; by inserting "or widower" after "widow"; by inserting "or his" after "her", by inserting "or he" after "she"; and by substituting for the phrase "an annuity for each month equal to three-fourths of the employee's basic amount" the following: "a survivor's insurance annuity: *Provided, however,* That if in the month preceding the employee's death the spouse of such employee was entitled to a spouse's annuity under subsection (f) of section 2 in an amount greater than the survivor's insurance annuity, the widow's or widower's annuity shall be increased to such greater amount."

SEC. 13. Subsection (b) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase "an annuity for each month equal to three-fourths of the employee's basic amount" the following: "a survivor's insurance annuity: *Provided, however,* That if in the month preceding the employee's death the spouse of such employee was entitled to a spouse's annuity under subsection (f) of section 2 in an amount greater than the survivor's insurance annuity, the widow's current insurance annuity shall be increased to such greater amount."

SEC. 14. Subsection (c) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase "an annuity for each month equal to one-half of the employee's basic amount" the

following: "a survivor's insurance annuity: *Provided, however,* That if the employee is survived by more than one child entitled to an annuity hereunder, each such child's annuity shall be (i) two-thirds of a survivor's insurance annuity plus (ii) one-third of a survivor's insurance annuity divided by the number of such children."

SEC. 15. Subsection (d) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting, ", no widower," after "widow"; and by substituting for the phrase "an annuity for each month equal to one-half of the employee's basic amount" the phrase "a survivor's insurance annuity."

SEC. 16. Subsection (c) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out all after the phrase "whose death" and substituting the following: "the same two or more children are entitled to annuities for a month under subsection (c), any application of each such child shall be deemed to be filed with respect to the death of only that one of such employees from whom may be derived a survivor's insurance annuity for each child under subsection (c) in an amount equal to or in excess of that which may be derived from any other of such employees."

SEC. 17. Subsection (f) (1) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting ", widower," after the word "widow" where this word first appears; by substituting in the first sentence "twelve times the survivor's insurance annuity" for "eight times the employee's basic amount"; by inserting after the first sentence thereof the following: "Upon the death, on or after the first day of the month next following the month of enactment hereof, of a completely or partially insured employee who will have died leaving a widow, widower, child, or parent who would on proper application therefor be entitled to an annuity under this section for the month in which such death occurred, there shall be paid a lump sum of four times the survivor's insurance annuity to the person or persons in the order provided in this paragraph."; by inserting before "would" in the fourth sentence thereof the following: "of twelve times the survivor's insurance annuity", by inserting in that sentence "widower," after the word "widow," wherever it appears, and by substituting in that sentence the phrase "eight times the survivor's insurance annuity" for the phrase "such lump sum" wherever it appears.

SEC. 18. Subsection (f) (2) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting ", widower," after the word "widow" wherever this word appears; by inserting "or her" after the words "his" and "him" wherever these words appear, by inserting after "$300" the following: "through the calendar year 1951 and $400 thereafter"; by inserting immediately before ", or to other" in the first sentence the following: ", and to others deriving from him or her, during his or her life,"; by changing the period at the end of said subsection to a comma and by inserting after the comma the following: "except that the deductions of the benefits paid pursuant to subsection (k) of this section, under section 202 of the Social Security Act, during the life of the employee to him or to her and to others deriving from him or her, shall be limited to such portions of such benefits as are payable solely by reason of the inclusion of service as an employee in 'employment' pursuant to said subsection (k)."

SEC. 19. Subsection (g) (2) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(2) If an individual is entitled to more than one annuity for a month under this section, such individual shall be entitled only to that one of such annuities for a month which is equal to or exceeds any other such annuity. If an individual is entitled to an annuity for a month under this section and is entitled, or would be so entitled on proper application therefor, for such month to an insurance benefit under section 202 of the Social Security Act, the annuity of such individual for such month under this section shall be only in the amount by which it exceeds such insurance benefit. If an individual is entitled to an annuity for a month under this section and also to a retirement annuity, the annuity of such individual for a month under this section shall be only in the amount by which it exceeds such retirement annuity."

SEC. 20. Subsection (h) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(h) Maximum and minimum annuity totals. Whenever according to the provisions of this section the total of annuities payable for a month with respect to the death of an employee, after any adjustment pursuant to subsection (g) (2) and after any deductions under subsection (i), is more than $40 and exceeds an amount equal to 2⅔ times a survivor's insurance annuity, such total of annuities shall, subject to the provisos in subsection (e) of section 3 and in subsections (a) and (b) of this section, be reduced proportionately to such amount or to $40, whichever is greater. Whenever according to the provisions of this section the total of annuities payable for a month with respect to the death of an employee is less than $20 such total shall, prior to any adjustment pursuant to subsection (g) (2) and prior to any deductions under subsection (i), be increased proportionately to $20."

SEC. 21. (a) Subsection (i) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out subdivision (ii) of paragraph (1) and inserting in lieu thereof the following:

"(ii) is under the age of 75 and will have earned more than $50 in 'wages' or will have been charged with more than $50 in 'net earnings from self-employment'; or."

(b) Such subsection (i) is further amended by striking out subdivision (iii) thereof and by redesignating subdivision (iv) as subdivision (iii).

SEC. 22. Subsection (j) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out all of the third sentence thereof after the phrase "the month in which" (including the proviso), and substituting the following: "eligibility therefor was otherwise acquired, but not earlier than the first day of the sixth month before the month in which the application was filed."

SEC. 23. (a) Paragraph (1) of subsection (k) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting "(i)" after the word "determining" and by inserting in said paragraph after the word "act" where it first appears the following: "to an employee who will have completed less than 10 years of service and to others deriving from him or her during his or her life and with respect to his or her death, and lump-sum death payments with respect to the death of such employee, and (ii) insurance benefits with respect to the death of an employee who will have completed 10 years of service"; by striking in said paragraph after "1947," the following: "to a widow, parent or surviving child,"; by inserting before the word "occurring" the phrase "of such an employee"; by inserting after the phrase "such date" the following: "and for the purposes of section 203 of that act"; by substituting in said paragraph "210 (a) (10)" for "209 (b) (9)"; and by inserting at the end of such paragraph (1) the following sentence: "In the application of the Social Security Act pursuant to this paragraph to service as an employee, all service as defined in section 1 (c) of this act shall be deemed to have been performed within the United States."

(b) Paragraph (2) of the said subsection (k) is amended by changing "1950" to "1956"; by inserting after the word "awards" where it first appears the following: "and in administering the proviso in section 3 (e) of this act"; by substituting "Federal Security Administrator" for "Social Security Board"; and by striking out from said paragraph (2) all after the phrase "such legislative changes as" and substituting the following: "would be necessary to place the Federal Old Age and Survivors Insurance Trust Fund in the same position in which it would have been if service as an employee after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act."

"SEC. 24. (a) (1) Paragraph (1) of subsection (i) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting "'widower'," after "'widow'," where this word first appears; by substituting "216 (c), (e), and (g)" for "209 (j) and (k)"; and by substituting "202 (h)" for "202 (f)".

(2) The said paragraph (1) is further amended by striking out subdivision (i) thereof and inserting in lieu of such subdivision the following:

"(i) a 'widow' or 'widower' shall have been living with the employee at the time of the employee's death; a widower shall have received at least one-half of his support from his wife employee at the time of her death or he shall have received at least one-half of his support from his wife employee at the time her retirement annuity or pension began. For the purposes of subsections (b) and (i) (1) (iii) of this section, the term 'widow' shall include a woman who has been divorced from the employee if she (A) is the mother of his son or daughter, (B) legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, or (C) was married to him at the time both of them legally adopted a child under the age of eighteen; and if she received from the employee (pursuant to agreement or court order) at least one-half of her support at the time of the employee's death, and the child in her care referred to in subsection (b) is the child described in clauses (A), (B), and (C) entitled to a survivor's insurance annuity under subsection (c) with respect to the death of such employee;". (3) The said paragraph (1) is further amended by inserting in subdivision (ii) after the phrase "such death" the following: "by other than a step parent, grand parent, aunt or uncle"; by substituting in subdivision (iii) for the phrase "shall have been wholly dependent upon and supported at the time of his death by" the phrase "shall have received at least one-half of his support from"; by changing the semicolon after the phrase "is claimed" in said subdivision (iii) to a period and striking out the portion of the sentence following that phrase.

(4) Paragraph (1) of the said subsection (i) is further amended by substituting for all the matter which follows subdivision (iii) the following: "A 'widow' or 'widower' shall be deemed to have been living with the employee if the conditions set forth in section 216 (h) (2) or (3), whichever is applicable, of the Social Security Act are fulfilled. A 'child' shall be deemed to have been dependent upon a parent if the conditions set forth in section 202 (d) (3), (4), or (5) of the Social Security Act are fulfilled (a partially insured mother being deemed currently insured). In determining for purposes of this section and subsection (g) of section 2 whether an applicant is the wife, husband, widow, widower, child or parent of an employee as claimed, the rules set forth in section 216 (h) (1) of the Social Security Act shall be applied;".

(b) Paragraph (4) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting after the table the following: "If upon computation of the compensation quarters of coverage in accordance with the above table an employee is found to lack a completely or partially-insured status which he would have if compensation paid in a calendar year were presumed to have been paid in equal proportions with respect to all months in the year in which the employee will have been in service as an employee, such presumption shall be made."

(c) Paragraph (6) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking "(a)" after "209" and by inserting after the word "act", the following: ", and, in addition (i) 'self-employment income' as defined in section 211 (b) of that act and (ii) wages deemed to have been paid under section 217 (a) of that act on account of military service which is not creditable under section 4 of this act."

(d) Paragraph (7) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting before the word "had" the phrase "completed 10 years of service and will have"; and by inserting in the parenthetical phrase in subdivision (i), after the word "quarter" the following: "which is not a quarter of coverage and."

(e) Paragraph (8) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(8) An employee will have been 'partially insured' at the time of his death, whether before or after the enactment of this section, if it appears to the satisfaction of the Board that he will have completed 10 years of service and will have had (i) a current connection with the railroad industry; and (ii) six or more quarters of coverage in the period ending with the quarter in which he will have died or in which a retirement annuity will have begun to accrue to him and beginning with the third calendar year next preceding the year in which such event occurs."

(f) Paragraph (9) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by changing the language before the first proviso to read as follows:

"(9) An employee's 'average monthly remuneration' shall mean the quotient obtained by dividing (A) the sum of (i) the compensation paid to him after 1936 and before the quarter in which he will have died, eliminating any excess over $300 for any calendar month through 1951, and any excess over $400 for any calendar month after 1951, and (ii) if such compensation for any calendar year is less than $3,600 and the average monthly remuneration computed on compensation alone is less than $300 and the employee has earned in such calendar year 'wages' as defined in paragraph (6) hereof, such wages, in an amount not to exceed the difference between the compensation for such year and $3,600, by (B) three times the number of quarters elapsing after 1936 and before the quarter in which he will have died:"; by inserting in the second proviso after the word "quarter" the following: "which is not a quarter of coverage and"; and by changing the period at the end of said proviso to a colon and adding the following: *"And provided further,* That if the exclusion from the divisor of all quarters after the first quarter in which the employee was completely insured and had attained the age of 65 and the exclusion from the dividend of all compensation and wages with respect to such quarters would result in a higher average monthly remuneration, such quarters, compensation and wages shall be so excluded."

(g) Paragraph (10) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting the phrase "'survivor's insurance annuity'" for the phrase "'basic amount'" wherever this phrase appears; by substituting in subdivisions (i) and (ii) of said paragraph "$100" for "$75"; by substituting for "$250" in subdivision (i) the following: "$400 if wages are not included in the average monthly remuneration, or $300 if wages are included"; and by striking out from subdivision (i) all the language after the phrase "plus (C)", up to and including the phrase "or more", and by substituting for said language the following: "$1 for each of his years of service after 1936"; by substituting in said subdivision (i) "$20" for "$10" wherever the latter figures appear; by substituting in subdivision (ii) of said paragraph the phrase "the survivor's insurance annuity" for the phrases "the amount computed under this subdivision" and "such amount"; by substituting "$35" for "$33.33", and for "$25" and substituting "$15" for "$13.33" and "$300" for "$250", and by striking out the phrase "four-thirds of."

SEC. 25. Section 17 of the Railroad Retirement Act of 1937, as amended, is amended by striking out "subsection (b) of."

AMENDMENTS TO THE RAILROAD RETIREMENT TAX ACT

SEC. 26. Sections 1500, 1501 (a), 1510, and 1520 of the Railroad Retirement Tax Act are amended, effective with respect to compensation paid after December 31, 1951, by substituting for the figures "$300", wherever they appear in said sections, the figures "$400."

EFFECTIVE DATES

SEC. 27. (a) Except as otherwise specifically provided the amendments made by this act shall take effect with respect to benefits accruing under the Railroad Retirement Act and the Social Security Act after the last day of the month in which this act is enacted, irrespective of when service or employment occurred or compensation or wages were earned: *Provided, however,* That in the recomputation pursuant to this act of retirement and survivor annuities heretofore awarded, the monthly compensation and average monthly remuneration shall not be recomputed but shall be increased to the next highest multiple of $1.

(b) The amendments made by sections 3 and 22 of this act and the elimination of the language in section 3 (a) (4) of the Railroad Retirement Act shall apply to benefits awarded in whole or in part after the enactment of this act.

(c) The amendments made by sections 4 and 21 with respect to "wages" and "net earnings from self-employment" shall not apply to "wages" from service, or to "net earnings from self-employment" in which an individual (other than a disability annuitant under the age of 65) in receipt of an annuity on the enactment date hereof was engaged on such date without forfeiting the annuity.

(d) The amendments made by sections 17 and 18 of this act shall take effect with respect to deaths occurring after the enactment of this act.

(e) With respect to retirement and survivor annuities currently payable and awarded under the Railroad Retirement Act prior to the enactment of this act to, and with respect to the death of, individuals who have completed less than 10 years of service, and with respect to spouses of such individuals during such individuals' lifetime, the amendments made by this act shall apply in the same manner as to, and with respect to the death of, individuals who have completed 10 years of service.

(f) All joint and survivor annuities heretofore and hereafter awarded shall, notwithstanding the provisions of law under which the election of the joint and survivor annuity was made, be increased to the amount that would have been payable had no election been made, if the spouse for whom the election was made predeceased the individual who made the election; such increased annuity shall, subject to the provisions of section 2 (c) of the Railroad Retirement Act of 1937, as amended, begin to accrue on the first of the calendar month following the calendar month in which the spouse died but not before the calendar month next following the month of enactment hereof.

(g) All pensions due in months following the first calendar month after the enactment hereof, shall be increased by 15 percent.

(h) The increase in retirement annuities provided by this act shall apply also to annuities heretofore awarded under the Railroad Retirement Act of 1935, and the term "spouse" shall include the wife or husband of an employee who has been awarded an annuity under that act. The provisions of this act shall not apply to annuities heretofore paid under the Railroad Retirement Acts in lump sums equal to their commuted values.

(i) The annuity of the spouse of an employee who has been awarded an annuity under section 3 (b) of the Railroad Retirement Act of 1935 or under section 2 (a) 2 (b) of the Railroad Retirement Act of 1937 prior to its amendment by Public Law 572, Seventy-ninth Congress, shall, subject to the provisions of this act, be one-half the annuity such employee would have received had the annuity been awarded at age 65.

(j) All recertifications required by reason of the provisions of this act other than section 10 shall be made without application therefor. Recomputations pursuant to sections 9 and 10 of this act shall be made only upon application therefor in such manner and form, and filed within such time as the Railroad Retirement Board may prescribe.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That section 1 of the Railroad Retirement Act of 1937, as amended, is amended by adding after subsection (p) thereof a new subsection reading as follows:

"'(q) The terms "Social Security Act" and 'Social Security Act, as amended' shall mean the Social Security Act as amended in 1950."

"SEC. 2. Subsection (a) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by changing '2.40' to '2.76', '1.80' to '2.07', and '1.20' to '1.38.'

"SEC. 3. Subsection (e) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by changing the phrase 'subsection 2 (a) (3)' to 'section 2 (a) 3', and by changing '$3.60' to '$4.14' and '$60' to '$69.'

"SEC. 4. Subsection (a) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out the phrase 'three-fourths of.'

"SEC. 5. Subsection (b) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out the phrase 'three-fourths of.'

"SEC. 6. Subsection (c) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'equal to one-half' the phrase 'equal to two-thirds.'

"SEC. 7. Subsection (d) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'equal to one-half' the phrase 'equal to two-thirds.'

"SEC. 8. Subsection (f) (1) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'eight times the employee's basic

amount' the phrase 'ten times the employee's basic amount.'

"SEC. 9. Subsection (h) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"'(h) Maximum and minimum annuity totals: Whenever according to the provisions of this section as to annuities, payable for a month with respect to the death of an employee, the total of annuities is more than $30 and exceeds either (a) $160, or (b) an amount equal to two and two-thirds times such employee's basic amount, whichever of such amounts is the lesser, such total of annuities shall, prior to any deductions under subsection (i), be reduced to such lesser amount or to $30, whichever is greater. Whenever such total of annuities is less than $14, such total shall, prior to any deductions under subsection (i), be increased to $14.'

"EFFECTIVE DATES

"SEC. 10. (a) Except as otherwise specifically provided, the amendments made by this act shall take effect with respect to benefits accruing under the Railroad Retirement Act after the last day of the month in which this act is enacted, irrespective of when the service occurred or compensation was earned.

"(b) The amendments made by sections 4, 5, 6, 7, 8, and 9 of this act shall take effect with respect to deaths occurring after the enactment of this act.

"(c) All retirement annuities, all pensions, and all joint and survivor annuities deriving from joint and survivor annuities currently payable and awarded under the Railroad Retirement Act prior to the enactment of this act and due in months following the first calendar month after the enactment of this act, shall be increased by 15 percent.

"(d) All monthly survivor annuities currently payable and awarded under the Railroad Retirement Act prior to the enactment of this act and due in months following the first calendar month after the enactment of this act, shall be increased by 33⅓ percent.

"(e) All recertifications required by reason of the provisions of this act shall be made without application therefor."

Mr. ROGERS of Florida. Mr. Chairman, I rise in favor of the committee amendment.

Mr. Chairman, I want to preface my remarks by saying that this is a most important bill. It deals with the first retirement system set up by the railroad industry. I want to call your attention to this fact, that the Railroad Retirement Act was first legislated upon in 1934. It was held unconstitutional by the Supreme Court of the United States. They then came in and passed an act in 1935 and that was also held to be partially unconstitutional, whereupon they got together by agreement in which they did write a Railroad Retirement Act which was not contested but which the railroad management and the railroad brotherhoods agreed upon, and that has been in operation since that time.

Now this is an act that was passed upon and based upon an agreement between the parties, and what the committee desires to do is to bring about an agreement among the various railroad brotherhoods and the various boards that have to administer it. Now let us see. Your committee had lengthy hearings on this bill. We did not come to an agreement because of the fact that the railroad brotherhoods themselves had no agreement. The Social Security Board was not in agreement. The Bureau of the Budget was not in agreement and the Railroad Retirement Board was not in agreement. There was a split everywhere. We recognized the fact that there was some need for an increase of benefits to annuitants and pensioners and also to survivors, and therefore your committee, by a vote of 18 out of a membership, I believe, of 30, recommended for the time being, in order that these railroad employees and pensioners and annuitants might get some relief which they need now, an across-the-board increase of 15 percent to annuitants and 33⅓ percent to the survivors, until we could have a further study, a study that was recommended, as I say to the membership of this House, by the Bureau of the Budget, one member of the Railroad Retirement Board, and also the Security Administration, which is the Social Security Board.

We are proposing here what I think will meet the situation and take care of those who need it until the people who are supposed to know something about it can come in and agree. We ought to send it back to them and say, "Get together." That is what President Roosevelt told them in 1934 when it was held unconstitutional. He said, "If you people do not get together, management and railroad brotherhoods, you are not going to get anything." I think today, if this thing was contested, it could still be held unconstitutional. We only ask this House to provide some relief until we can have a study. Now who can object to that? It will not be long. We will come back here on January 3, and if we can get the various boards together and get their cooperation with the committee, then we can study it and bring in a bill, and I will say that the railroad brotherhoods can get together and agree on it, and management can get together and agree on it. As a matter of fact, management has very little to say for the reason that this is an extra tax that is imposed upon them. The railroads will not bear it, but you will bear it by an increase in freight rates and passenger fares. That is what will happen. I understand that in the increase that was granted to the railroads a few days ago ICC took into consideration the fact that there was an increase in the tax that the railroads had to pay. So, do not base it on the fact that it is the railroads that are being hurt, but it is the common man that will have to pay in increased freight rates and passenger fares for the railroads will pass it on.

Mr. CROSSER. Mr. Chairman, I offer a substitute for the committee amendment.

The Clerk read as follows:

Substitute offered by Mr. CROSSER for the committee amendment: Strike out all after the enacting clause and substitute the following: "That section 1 of the Railroad Retirement Act of 1937, as amended, is amended by substituting in the last sentence of subsection (f) thereof the phrase '126' for the phrase '54' and by adding after subsection (p) thereof a new subsection as follows:

"'(q) The terms "Social Security Act" and "Social Security Act, as amended" shall mean the Social Security Act as amended in 1950.'

"SEC. 2. Subsection (a) of section 2 of the Railroad Retirement Act of 1937, as amended, is amended by inserting in the first sentence thereof, after 'enactment date,' the following: 'and shall have completed 10 years of service,'; by inserting in the first sentence of paragraph 5 of said subsection, a period after the phrase 'regular employment' and striking out all of that sentence following that phrase; and by striking out the next to the last sentence of such subsection (a).

"SEC. 3. Subsection (c) of section 2 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase '60 days,' the phrase '6 months.'

"SEC. 4. Subsection (d) of section 2 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"'(d) No annuity shall be paid with respect to any month in which an individual (i) is receiving an annuity under paragraph 1, 2, or 3 of subsection (a), or under paragraph 4 or 5 thereof after attaining age 65, is under the age of 75, and shall earn more than $50 in "compensation" or "wages" or both, or be charged with more than $50 in "net earnings from self-employment", or (ii) is receiving an annuity under paragraph 4 or 5 of subsection (a), is under the age of sixty-five, and shall earn more than $100 in "compensation" or "wages" or both, or be charged with more than $100 in "net earnings from self-employment." Individuals in receipt of annuities shall report to the Board immediately all such compensation, wages, and earnings.'

"SEC. 5. Section 2 of the Railroad Retirement Act of 1937, as amended, is amended by adding after subsection (d) thereof the following new subsections:

"'(e) For the purpose of this section and of subsection (i) (1) (i) of section 5, "wages" shall mean wages as defined in section 209 of the Social Security Act, without regard to subsection (a) thereof; and "net earnings from self-employment" shall be determined as provided in section 211 (a) of the Social Security Act and charged to correspond to the provisions of section 203 (e) of that act.

"'(f) Spouse's annuity: The spouse of an individual, if—

"'(i) such individual has been awarded an annuity under subsection (a) or a pension under section 6 and has attained the age of 65, and

"'(ii) such spouse has attained the age of 65 or, in the case of a wife, has in her care (individually or jointly with her husband) a child who, if her husband were then to die, would be entitled to a child's annuity under subsection (c) of section 5 of this act,

shall be entitled to a spouse's annuity equal to one-half of such individual's annuity or pension, but not more than $50: *Provided, however,* That if the annuity of the individual is awarded under paragraph 3 of subsection (a), the spouse's annuity shall be computed or recomputed as though such individual had been awarded the annuity to which he would have been entitled under paragraph 1 of said subsection: *Provided further,* That if the annuity of the individual is awarded pursuant to a joint and survivor election, the spouse's annuity shall be computed or recomputed as though such individual had not made a joint and survivor election: *And provided further,* That any spouse's annuity shall be reduced by the amount of any annuity and the amount of any monthly insurance benefit, other than a wife's or husband's insurance benefit, to which such spouse is entitled, or on proper application would be entitled, under subsection (a) of this section or subsection (d) of section 5 of this act or section 202 of the Social Security Act; except that if such spouse is disentitled to a wife's or husband's insurance benefit, or has had such benefit

reduced, by reason of subsection (k) of section 202 of the Social Security Act, the reduction pursuant to this third proviso shall be only in the amount by which such spouse's monthly insurance benefit under said act exceeds the wife's or husband's insurance benefit to which such spouse would have been entitled under that act but for said subsection (k).

"'(g) For the purposes of this act, the term "spouse" shall mean the wife or husband of a retirement annuitant or pensioner who (i) was married to such annuitant or pensioner for a period of not less than 3 years immediately preceding the day on which the application for a spouse's annuity is filed, or is the parent of such annuitant's or pensioner's son or daughter, if, as of the day on which the application for a spouse's annuity is filed, such wife or husband and such annuitant or pensioner were members of the same household, or such wife or husband was receiving regular contributions from such annuitant or pensioner toward her or his support, or such annuitant or pensioner has been ordered by any court to contribute to the support of such wife or husband, or such wife or husband and such annuitant or pensioner were not members of the same household and the separation was due to or procured by the annuitant or pensioner without the fault of such wife or husband; and (ii) in the case of a husband, was receiving at least one-half of his support from his wife at the time his wife's retirement annuity or pension began.

"'(h) The spouse's annuity provided in subsection (f) shall, with respect to any month, be subject to the same provisions of subsection (d) with regard to "compensation," "wages," and "net earnings from self-employment" as the individual's annuity, and, in addition, the spouse's annuity shall not be payable for any month if the individual's annuity is not payable for such month (or, in the case of a pensioner, would not be payable if the pension were an annuity) by reason of the provisions of said subsection (d). Such spouse's annuity shall cease at the end of the month preceding the month in which (i) the spouse or the individual dies, (ii) the spouse and the individual are absolutely divorced, or (iii) in the case of a wife under age 65, she no longer has in her care a child who, if her husband were then to die, would be entitled to an annuity under subsection (c) of section 5 of this act.'

"SEC. 6. Subsection (a) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by changing '2.40' to '2.80', '1.80' to '2.00', and '1.20' to '1.40'; and by striking out the phrase 'next $150' and substituting for said phrase the following: 'remainder of his "monthly compensation".'

"SEC. 7 Subsection (b) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by substituting (in each instance in the parenthetic phrase of paragraph (1) 'his "monthly compensation"' for '$300'; by striking out all of paragraph (4) and inserting in lieu thereof the following paragraph:

" 'The retirement annuity or pension of an individual, and the annuity of his spouse, if any, shall be reduced, beginning with the month in which such individual is, or on proper application would be, entitled to an old-age insurance benefit under the Social Security Act, as follows: (i) in the case of the individual's retirement annuity, by that portion of such annuity which is based on his years of service and compensation before 1937, or by the amount of such old-age insurance benefit, whichever is less, (ii) in the case of the individual's pension, by the amount of such old-age insurance benefit, and (iii) in the case of the spouse's annuity, to one-half the individual's retirement annuity or pension (as reduced pursuant to clause (i) or clause (ii) of this paragraph): *Provided, however,* That in the case of any individual receiving or entitled to receive an annuity or pension on the day prior to the date of enactment of this paragraph, the reductions required by this paragraph shall not operate to reduce the sum of (A) the retirement annuity or pension of the individual, (B) the spouse's annuity, if any, and (C) the benefits under the Social Security Act which the individual and his family receive or are entitled to receive on the basis of his wages, to an amount less than such sum was before the enactment of this paragraph.'

"SEC. 8. Subsection (c) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by inserting in the last sentence thereof after '$300' the following: 'through the calendar year 1951, and in excess of $400 thereafter.'

"SEC. 9. Subsection (e) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by striking out the phrase 'and not less than five years of service'; by changing the phrase 'subsection 2 (a) (3)' to 'section 2 (a) 3 or the last paragraph of section 3 (b)'; by changing '$3.60' to '$4.10', and '$60' to '$68', and by changing the period at the end of the subsection to a colon and inserting after the colon the following '*Provided, however,* That if for any entire month in which an annuity accrues and is payable under this act the annuity to which an employee is entitled under this act (or would have been entitled except for a reduction pursuant to section 2 (a) 3 or a joint and survivor election), together with his or her spouse's annuity, if any, or the total of survivor annuities under this act deriving from the same employee, is less than the amount, or the additional amount, which would have been payable to all persons for such month under the Social Security Act (deeming completely and partially insured individuals to be fully and concurrently insured, respectively, and disregarding any possible deductions under subsections (f) and (g) (2) of section 203 thereof) if such employee's service as an employee after December 31, 1936, were included in the term "employment" as defined in that act and quarters of coverage were determined in accordance with section 5 (1) (4) of this act, such annuity or annuities, shall be increased proportionately to a total of such amount or such additional amount.'

"SEC. 10. Section 3 of the Railroad Retirement Act of 1937, as amended, is amended by striking out subsection (h) thereof and by redesignating subsection (j) thereof as su section (h).

"SEC. 11. Subsection (k) of section 4 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'sixty days' the phrase 'six months.'

"SEC. 12. Subsection (a) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting 'and Widower's' after 'Widow's'; by inserting 'or widower' after 'widow'; by inserting 'or his' after 'her,' by inserting 'or he' after 'she'; and by substituting for the phrase 'an annuity for each month equal to three-fourths of the employee's basic amount' the following: 'a survivor's insurance annuity: *Provided, however,* That if in the month preceding the employee's death the spouse of such employee was entitled to a spouse's annuity under subsection (f) of section 2 in an amount greater than the survivor's insurance annuity, the widow's or widower's annuity shall be increased to such greater amount.'

"SEC. 13. Subsection (b) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'an annuity for each month equal to three-fourths of the employee's basic amount' the following: 'a survivor's insurance annuity: *Provided, however,* That if in the month preceding the employee's death the spouse of such employee was entitled to a spouse's annuity under subsection (f) of section 2 in an amount greater than the survivor's insurance annuity, the widow's current insurance annuity shall be increased to such greater amount.'

"SEC. 14. Subsection (c) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'an annuity for each month equal to one-half of the employee's basic amount' the following: 'a survivor's insurance annuity: *Provided, however,* That if the employee is survived by more than one child entitled to an annuity hereunder, each such child's annuity shall be (i) two-thirds of a survivor's insurance annuity plus (ii) one-third of a survivor's insurance annuity divided by the number of such children.'

"SEC. 15. Subsection (d) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting ', no widower,' after 'widow'; and by substituting for the phrase 'an annuity for each month equal to one-half of the employee's basic amount' the phrase 'a survivor's insurance annuity'.

"SEC. 16. Subsection (e) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out all after the phrase 'whose death' and substituting the following: 'the same two or more children are entitled to annuities for a month under subsection (c), any application of each such child shall be deemed to be filed with respect to the death of only that one of such employees from whom may be derived a survivor's insurance annuity for each child under subsection (c) in an amount equal to or in excess of that which may be derived from any other of such employees.'

"SEC. 17. Subsection (f) (1) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting ', widower' after the word 'widow' where this word first appears; by substituting in the first sentence 'twelve times the survivor's insurance annuity' for 'eight times the employee's basic amount'; by inserting after the first sentence thereof the following: 'Upon the death, on or after the date of enactment hereof, of a completely or partially insured employee who will have died leaving a widow, widower, child, or parent who would on proper application therefor be entitled to an annuity under this section for the month in which such death occurred, there shall be paid a lump sum of four times the survivor's insurance annuity to the person or persons in the order provided in this paragraph.'; by inserting before 'would' in the fourth sentence thereof the following: 'of twelve times the survivor's insurance annuity', by inserting in that sentence 'widower,' after the word 'widow,' wherever it appears, and by substituting in that sentence the phrase 'eight times the survivor's insurance annuity' for the phrase 'such lump sum' wherever it appears.

"SEC. 18. Subsection (f) (2) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting ', widower,' after the word 'widow' wherever this word appears; by inserting 'or her' after the words 'his' and 'him' wherever these words appear, by inserting after '$300' the following: 'through the calendar year 1951 and $400 thereafter'; by inserting immediately before ', or to others' in the first sentence the following: ', and to others deriving from him or her, during his or her life,'; by changing the period at the end of said subsection to a comma and by inserting after the comma the following: 'except that the deductions of the benefits paid pursuant to subsection (k) of this section under section 202 of the Social Security Act, during the life of the employee to him or to her and to others deriving from him or her, shall be limited to such portions of such benefits as

are payable solely by reason of the inclusion of service as an employee in "employment" pursuant to said subsection (k).'

"SEC. 19. Subsection (g) (2) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"'(2) If an individual is entitled to more than one annuity for a month under this section, such individual shall be entitled only to that one of such annuities for a month which is equal to or exceeds any other such annuity. If an individual is entitled to an annuity for a month under this section and is entitled, or would be so entitled on proper application therefor, for such month to an insurance benefit under section 202 of the Social Security Act, the annuity of such individual for such month under this section shall be only in the amount by which it exceeds such insurance benefit. If an individual is entitled to an annuity for a month under this section and also to a retirement annuity, the annuity of such individual for a month under this section shall be only in the amount by which it exceeds such retirement annuity.

"'(3) In the case of any individual receiving or entitled to receive an annuity under this section on the day prior to the date of enactment of the provisions of this paragraph, the application of paragraph (2) of this subsection to such individual shall not operate to reduce the sum of (A) the annuity under this section of such individual, (B) the retirement annuity, if any, of such individual, and (C) the benefits under the Social Security Act which such individual receives or is entitled to receive, to an amount less than such sum was before the enactment of the provisions of this paragraph.'

"SEC. 20. Subsection (h) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"'(h) Maximum and minimum annuity totals: Whenever according to the provisions of this section the total of annuities payable for a month with respect to the death of an employee, after any adjustment pursuant to subsection (g) (2) and after any deductions under subsection (i), is more than $40 and exceeds an amount equal to two and two-thirds times a survivor's insurance annuity, such total of annuities shall, subject to the provisos in subsection (e) of section 3 and in subsection (a) and (b) of this section, be reduced proportionately to such amount or to $40, whichever is greater. Whenever according to the provisions of this section the total of annuities payable for a month with respect to the death of an employee is less than $20 such total shall, prior to any adjustment pursuant to subsection (g) (2) and prior to any deduction under subsection (i), be increased proportionately to $20.'

"SEC. 21. Subdivisions (i), (ii), (iii), and (iv) of paragraph (1) of subsection (i) of section 5 of the Railroad Retirement Act of 1937, as amended, are amended to read as follows:

"'(i) is under the age of 75 and will have earned more than $50 in "compensation" or "years" or both, or will have been charged with more than $50 in "net earnings from self-employment"; or

"'(ii) if a widow otherwise entitled to an annuity under subsection (b) will not have had in her care a child of the deceased employee entitled to receive an annuity under subsection (c);'.

"SEC. 22. Subsection (j) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out all of the third sentence thereof after the phrase 'the month in which' (including the proviso), and substituting the following: 'eligibility therefore was otherwise acquired, but not earlier than the first day of the sixth month before the month in which the application was filed.'

"SEC. 23. (a) Paragraph (1) of subsection (k) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting '(i)' after the word 'determining' and by inserting in said paragraph after the word 'Act' where it first appears the following: 'to an employee who will have completed less than 10 years of service and to others deriving from him or her during his or her life and with respect to his or her death, and lump-sum death payments with respect to the death of such employee, and (ii) insurance benefits with respect to the death of an employee who will have completed 10 years of service'; by striking in said paragraph after '1947,' the following: 'to a widow, parent, or surviving child,'; by inserting before the word 'occurring' the phrase 'of such an employee'; by inserting after the phrase 'such date' the following: ', and for the purposes of section 203 of that act'; by substituting in said paragraph '210 (a) (10)' for '209 (b) (9)'; and by inserting at the end of such paragraph (1) the following sentence: 'In the application of the Social Security Act pursuant to this paragraph to service as an employee, all service as defined in section 1 (c) of this act shall be deemed to have been performed within the United States.'

"(b) Subsection (k) (2) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting the following:

"'(2) (A) The Board and the Federal Security Administrator shall determine, no later than January 1, 1954, the amount which would place the Federal Old-Age and Survivors Insurance Trust Fund (hereafter termed "Trust Fund") in the same position in which it would have been at the close of the fiscal year ending June 30, 1952, if service as an employee after December 31, 1936, have been included in the term "employment" as defined in the Social Security Act and in the Federal Insurance Contributions Act.

"'(B) On January 1, 1954, for the fiscal year ending June 30, 1953, and at the close of each fiscal year beginning with the fiscal year ending June 30, 1954, the Board and the Federal Security Administrator shall determine, and the Board shall certify to the Secretary of the Treasury for transfer from the Railroad Retirement Account (hereafter termed "retirement account") to the trust fund, interest for such fiscal year at the rate specified in subparagraph (D) on the amount determined under subparagraph (A) less the sum of all offsets made under subparagraph (C).

"'(C) At the close of the fiscal year ending June 30, 1953, and each fiscal year thereafter, the Board and the Federal Security Administrator shall determine the amount, if any, which if added to or subtracted from the trust fund would place such trust fund in the same position in which it would have been if service as an employee after December 31, 1936, had been included in the term "employment" as defined in the Social Security Act and in the Federal Insurance Contributions Act. For the purposes of this subparagraph, the amount determined under subparagraph (A), less such offsets as have theretofore been made under this subparagraph, and the amount determined under subparagraph (B) for the fiscal year under consideration shall be deemed to be part of the trust fund. Such determination shall be made no later than June 15, following the close of the fiscal year. If such amount is to be added to the trust fund, the Board shall, within 10 days after the determination, certify such amount to the Secretary of the Treasury for transfer from the retirement account to the trust fund; if such amount is to be subtracted from the trust fund, the Administrator shall, within 10 days after the determination, certify such amount to the Secretary of the Treasury for transfer from the trust fund to the retirement account. The amount so certified shall further include interest (at the rate determined in subparagraph (D) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification. In the event the Administrator is required under the provisions of this subparagraph to certify to the Secretary of the Treasury an amount to be transferred to the retirement account from the trust fund, the Administrator, in lieu of such certification, may offset the amount determined under the first sentence of this subparagraph against the amount determined in subparagraph (A) as diminished by any prior offsets and the offset shall be made to be effective as of the first day of the fiscal year following the fiscal year under consideration.

"'(D) For the purposes of subparagraphs (B) and (C), for any fiscal year, the rate of interest to be used shall be equal to the average rate of interest, computed as of May 31 preceding the close of such fiscal year, borne by all interest-bearing obligations of the United States then forming a part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest shall be the multiple of one-eighth of 1 percent next lower than such average rate.

"'(E) The Secretary of the Treasury is authorized and directed to transfer to the trust fund from the retirement account or to the retirement account from the trust fund, as the case may be, such amounts as, from time to time, may be determined by the Board and the Federal Security Administrator pursuant to the provisions of subparagraphs (B) and (C) of this subsection, and certified by the Board or the Administrator for transfer from the retirement account or from the trust fund.'

"SEC. 24. (a) (1) Paragraph (1) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting '"widower",' after '"widow",' where this word first appears; by substituting '216 (c), (e), and (g)' for '209 (j) and (k)', and by substituting '202 (h)' for '202 (f).'

"(2) The said paragraph (1) is further amended by striking out subdivision (i) thereof and inserting in lieu of such subdivision the following:

"'(i) a "widow" or "widower" shall have been living with the employee at the time of the employee's death, or he or she shall not have been so living with the employee and the separation shall have been due to or procured by the employee without the fault of the employee's death, or he or she shall have received at least one-half of his support from his wife employee at the time of her death or he shall have received at least one-half of his support from his wife employee at the time her retirement annuity or pension began. For the purposes of subsections (b) and (i) (1) (ii) of this section, the term "widow" shall include a woman who has been divorced from the employee if she (A) is the mother of his son or daughter, (B) legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of 18, or (C) was married to him at the time both of them legally adopted a child under the age of 18; and if she received from the employee (pursuant to agreement or court order) at least one-half of her support at the time of the employee's death, and the child in her care referred to in subsection (b) is the child described in clauses (A), (B), and (C) entitled to a survivor's insurance annuity under subsection (c) with respect to the death of such employee;'.

"(3) The said paragraph (1) is further amended by inserting in subdivision (ii) after the phrase 'such death' the following: 'by other than a stepparent, grandparent, aunt, or uncle'; by substituting in subdivision (iii) for the phrase 'shall have been wholly dependent upon and supported at the time of his death by' the phrase 'shall have received at least one-half of his support from'; and by changing the semicolon after

the phrase 'is claimed' in said subdivision (iii) to a period and striking out the portion of the sentence following that phrase.

"(4) Paragraph (1) of the said subsection (l) is further amended by substituting for all the matter which follows subdivision (iii) the following: 'A "widow" or "widower" shall be deemed to have been living with the employee if the conditions set forth in section 216 (h) (2) or (3), whichever is applicable, of the Social Security Act are fulfilled. A "child" shall be deemed to have been dependent upon a parent if the conditions set forth in section 202 (d) (3), (4), or (5) of the Social Security Act are fulfilled (a partially insured mother being deemed currently insured). In determining for purposes of this section and subsection (g) of section 2 whether an applicant is the wife, husband, widow, widower, child, or parent of an employee as claimed, the rules set forth in section 216 (h) (1) of the Social Security Act shall be applied;'.

"(b) Paragraph (4) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting after the table the following: 'If upon computation of the compensation quarters of coverage in accordance with the above table an employee is found to lack a completely or partially insured status which he would have if compensation paid in a calendar year were presumed to have been paid in equal proportions with respect to all months in the year in which the employee will have been in service as an employee, such presumption shall be made.'

"(c) Paragraph (6) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking '(a)' after '209' and by inserting after the word 'act', the following: ', and, in addition (i) "self-employment income" as defined in section 211 (b) of that act and (ii) wages deemed to have been paid under section 217 (a) of that act on account of military service which is not creditable under section 4 of this act'.

"(d) Paragraph (7) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by inserting before the word 'had' the phrase 'completed 10 years of service and will have', and by inserting in the parenthetical phrase in subdivision (1), after the word 'quarter' the following: 'which is not a quarter of coverage and'.

"(e) Paragraph (8) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"'(8) An employee will have been "partially insured" at the time of his death, whether before or after the enactment of this section, if it appears to the satisfaction of the Board that he will have completed 10 years of service and will have had (i) a current connection with the railroad industry; and (ii) six or more quarters of coverage in the period ending with the quarter in which he will have died or in which a retirement annuity will have begun to accrue to him and beginning with the third calendar year next preceding the year in which such event occurs.'

"(f) Paragraph (9) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by changing the language before the first proviso to read as follows:

"'(9) An employee's "average monthly remuneration" shall mean the quotient obtained by dividing (A) the sum of (i) the compensation paid to him after 1936 and before the quarter in which he will have died, eliminating any excess over $300 for any calendar month through 1951, and any excess over $400 for any calendar month after 1951, and (ii) if such compensation for any calendar year is less than $3,600 and the average monthly remuneration computed on compensation alone is less than $300 and the employee has earned in such calendar year "wages" as defined in paragraph (6) hereof, such wages, in an amount not to exceed the difference between the compensation for such year and $3,600, by (B) three times the number of quarters elapsing after 1936 and before the quarter in which he will have died:'; by inserting in the second proviso after the word 'quarter' the following: 'which is not a quarter of coverage and'; and by changing the period at the end of said proviso to a colon and adding the following: *'And provided further*, That if the exclusion from the divisor of all quarters beginning with the first quarter in which the employee was completely insured and had attained the age of 65 and the exclusion from the dividend of all compensation and wages with respect to such quarters would result in a higher average monthly remuneration, such quarters, compensation, and wages shall be so excluded.'

"(g) Paragraph (10) of subsection (l) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting the phrase '"survivor's insurance annuity"' for the phrase '"basic amount"' wherever this phrase appears; by substituting in subdivisions (i) and (ii) of said paragraph '$100' for '$75'; by substituting for '$250' in subdivision (i) the following: '$400 if wages are not included in the average monthly remuneration, or $300 if wages are included'; and by striking out from subdivision (i) all the language after the phrase 'plus (C)', up to and including the phrase 'or more', and by substituting for said language the following: '$1 for each of his years of service after 1936'; by substituting in said subdivision (i) '$20' for '$10' wherever the latter figures appear; by substituting in subdivision (ii) of said paragraph the phrase 'the survivor's insurance annuity' for the phrases 'the amount computed under this subdivision' and 'such amount'; by substituting '$35' for '$33.33' and for '$25' and substituting '$15' for '$13.33' and '$300' for '$250', and by striking out the phrase 'four-thirds of'.

"SEC. 25. Section 17 of the Railroad Retirement Act of 1937, as amended, is amended by striking out 'subsection (b) of'.

"AMENDMENTS TO THE RAILROAD RETIREMENT TAX ACT

"SEC. 26. Sections 1500, 1501 (a), 1510, and 1520 of the Railroad Retirement Tax Act are amended, effective with respect to compensation paid after December 31, 1951, for services rendered after such date, by substituting for the figures '$300', wherever they appear in said sections, the figures '$400'.

"EFFECTIVE DATES

"SEC. 27. (a) Except as otherwise specifically provided the amendments made by this act shall take effect with respect to benefits accruing under the Railroad Retirement Acts and the Social Security Act after the last day of the month in which this act is enacted, irrespective of when service or employment occurred or compensation or wages were earned: *Provided, however*, That in the recomputation pursuant to this act of retirement and survivor annuities heretofore awarded, the monthly compensation and average monthly remuneration shall not be recomputed but shall be increased to the next highest multiple of one dollar.

"(b) The amendments made by sections 3, 11, and 22 of this act shall apply to benefits awarded in whole or in part on or after the date of enactment of this act.

"(c) The amendments made by sections 4 and 21 with respect to 'wages' and 'net earnings from self-employment' shall not apply to 'wages' from service, or to 'net earnings from self-employment' in which an individual (other than a disability annuitant under the age of 65) in receipt of an annuity on the date of enactment hereof was engaged on such date without forfeiting the annuity.

"(d) The amendments made by sections 17 and 18 of this act shall take effect with respect to deaths occurring on or after the date of enactment of this act.

"(e) With respect to retirement and survivor annuities currently payable and awarded under the Railroad Retirement Act prior to the date of enactment of this act to, and with respect to the death of, individuals who have completed less than 10 years of service, and with respect to spouses of such individuals during such individuals' lifetime, the amendments made by this act shall apply in the same manner as to, and with respect to the death of, individuals who have completed 10 years of service. Where the parent of a deceased employee has, prior to the date of enactment of this act, been awarded a survivor annuity under the Railroad Retirement Acts which is currently payable, the entitlement of such parent to a survivor's insurance annuity in accordance with the amendments made by this act shall be determined without regard to whether or not such employee died leaving a widower or a child.

"(f) All joint and survivor annuities heretofore and hereafter awarded shall, notwithstanding the provisions of law under which the election of the joint and survivor annuity was made, be increased to the amount that would have been payable had no election been made, if the spouse for whom the election was made predeceased the individual who made the election; such increased annuity shall, subject to the provisions of section 2 (c) of the Railroad Retirement Act of 1937, as amended, begin to accrue on the first of the calendar month following the calendar month in which the spouse died but not before the calendar month next following the month of enactment hereof.

"(g) All pensions due in months following the first calendar month after the enactment hereof, shall be increased by 15 percent.

"(h) The increase in retirement annuities provided by this act shall apply also to annuities heretofore awarded under the Railroad Retirement Act of 1935, and the term 'spouse' shall include the wife or husband of an employee who has been awarded an annuity under that act. The provisions of this act shall not apply to annuities heretofore paid under the Railroad Retirement Acts in lump sums equal to their commuted values.

"(i) The annuity of the spouse of an employee who has been awarded an annuity under section 3 (b) of the Railroad Retirement Act of 1935 or under section 2 (a) 2 (b) of the Railroad Retirement Act of 1937 prior to its amendment by Public Law 572, Seventy-ninth Congress, shall, subject to the provisions of this act, be one-half the annuity such employee would have received had the annuity been awarded at age 65.

"(j) All recertifications by the Railroad Retirement Board required by reason of the provisions of this act other than section 10 shall be made without application therefor. Recertifications pursuant to section 10 of this act shall be made only upon application therefor in such manner and form, and filed within such time, as the Railroad Retirement Board may prescribe."

Mr. HARRIS (interrupting the reading of the amendment). Mr. Chairman, this is obviously a copy of the original bill, H. R. 3669, which was introduced by the distinguished gentleman from Ohio, chairman of our committee. It contains 24 pages, and it is all highly technical language.

Mr. CROSSER. Mr. Chairman, I want to correct one statement that the

gentleman makes, and that is that this bill is very much different from the other bill.

Mr. HARRIS. I accept the gentleman's explanation, if that is the case, of course. I have not had a chance to read it.

Mr. CROSSER. This contains a number of amendments, which were not in the original bill.

Mr. HARRIS. In view of that situation, Mr. Chairman, and in order that we might make some progress on it since many of us are quite familiar with this, I wonder if it might not be in order to ask unanimous consent that the substitute amendment be considered as read, and printed in the RECORD at this point so that the gentleman from Ohio [Mr. CROSSER], our chairman, may proceed to explain the changes in the provisions of the bill. I would make that request if it is agreeable to our chairman.

Mr. CROSSER. I think the Clerk should read more of the amendment.

Mr. HARRIS. Mr. Chairman, in deference to my chairman's wishes, I will, of course, not submit the request.

(The Clerk continued the reading of the amendment.)

Mr. ALBERT (interrupting the reading of the substitute). Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-two Members are present, a quorum.

The Clerk continued the reading of the substitute.

Mr. HINSHAW (interrupting the reading of the substitute). Mr. Chairman, I ask unanimous consent that the further reading of the substitute amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. O'HARA. I object, Mr. Chairman.

The Clerk continued the reading of the substitute.

The Clerk concluded the reading of the amendment.

The CHAIRMAN. The gentleman from Ohio [Mr. CROSSER] is recognized in support of his amendment.

Mr. HALE. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. CROSSER. I yield.

Mr. HALE. Mr. Chairman, I ask unanimous consent that the amendment be rereported because I found it extremely difficult to follow the first reading.

Mr. KLEIN and Mr. PERKINS objected.

Mr. CROSSER. Mr. Chairman, it is almost impossible and very difficult to discuss the question before the House with the sort of good patience that I like to have on all occasions. At one time or another, there have been many things that have been rather exasperating in my experience with this legislation. After all, however, according to the conceptions some have in regard to proper procedure, we must expect such experiences.

Mr. Chairman, I think everyone who has given this matter his or her attention realizes that if we can do so, we should provide benefits to the greatest extent possible in order to meet the difficult situation confronting the great rank and file of railroad workers of the United States at the present time and I assure you that H. R. 3669 as originally introduced represents an earned effort to provide such benefits. The measure which has just been presented to you is the result of work not only by the best special experts who were available, but also by the expert railroad labor men themselves, and by Members of Congress whose hearts were in the cause. These persons spent at least 10 months struggling earnestly to secure the very best bill that could be obtained without jeopardizing the financial stability of the retirement system, and at the same time bring reasonable relief to the rank and file of the railroad workers of the United States. I can say with every assurance, that that is what we have done. The course pursued by those frantically engaged in trying to discredit persons participating in the preparation or advocacy of the original H. R. 3669, when they say: "Let us go straight across the board with a proposal to increase benefits by say, 10 percent, 12 percent, or something like 15 percent and in that way save the trouble of thinking." I say that that is all rubbish. This measure required the very best thought of the experts employed by the railway-labor people, the officials of the Railroad Retirement Board, some of the railway-labor officials themselves, as well as some of the Members of Congress. They have been a source of great help to us because of the fact that they could give us information that nobody else could give us. The Railroad Retirement Board has earnestly approved this legislation by a vote of 2 to 1 all the way through.

You understand, of course, how the members of the Railroad Retirement Board are appointed. The original law required, as does the present law, that the President appoint one member on the recommendation of the railroad industry; one member on the recommendation of the railway labor workers; and one of his own choosing from the public at large. All through this controversy—and I have checked it so that there will be no mistake about it—the Railroad Labor Board, 2 to 1, has been strongly in favor of the measure, H. R. 3669, as originally introduced by me.

I have no quarrel with the member recommended by the railroad companies. It is probably natural for him to hold the philosophy of the railroad owners and so I am not quarreling with him. The Railroad Retirement Board has recommended H. R. 3669, as originally introduced, as a well-rounded-out measure calculated to meet the very trying situation that confronts the railroad workers of the United States at the present time. A majority of the Board will tell you that the other measures are wholly insufficient to fulfill the requirements. This measure, paraded here, as the opposition bill, is substantially what the railroads themselves requested. Such being the case the Association of American Railroads very glibly and eagerly endorse their bill rather than mine. That does not surprise me. I would have been stunned if they had endorsed H. R. 3669, as originally introduced by me. The older Members of the House remember, however, that we have had this struggle for years between the railroad workers on one side and on the other side, we have been accustomed to see the railroad owners and their unions with their chatter against our bill and about those whose duty is to uphold the bill. It is just about the same line-up as has always been the case.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. ROGERS of Florida. Is it not true that the four operating brotherhoods are against the Crosser bill?

Mr. CROSSER. Mr. Chairman, let me tell you: I have never yet come before the House when I did not have officials of at least one or more of the unions in opposition to the bill supported by me. During the long struggle for the 1946 amendments, which ended most successfully in the late summer of 1946, the official representatives of the Brotherhood of Railway Trainmen and the Brotherhood of Locomotive Engineers spoke at great length and also extended additional remarks in the RECORD.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. LEONARD W. HALL. Reserving the right to object, and I shall not object, but during this time I wish the gentleman from Ohio [Mr. CROSSER] would explain the provisions of his present amendment which are different from the original Crosser bill, H. R. 3669.

Mr. CROSSER. In other words, you would like to have me devote my time and attention to things that you think will be the least significant and so have no time to discuss the main advantages of our measure. Come over after the House will have adjourned, when we will have lots of time, and I will tell you all about it.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas [Mr. HARRIS]?

There was no objection.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from Texas.

Mr. BECKWORTH. In the revised bill there is at least one amendment, for example, that we considered in the committee. That is the Heselton amendment. That is an amendment which would permit a wife or husband who does not wish to obtain a divorce or separation order to get the spouse's benefit if it were shown that she or he were not at fault with reference to the separation. That is one of the amendments.

Still another very major amendment is one that was passed——

Mr. LEONARD W. HALL. Mr. Chairman, will the gentleman yield?

Mr. BECKWORTH. Will you permit me to make my statement first, please, and then I will yield.

I started to point out a very important amendment which I understand is found on page 16. In effect, it is a provision that was placed in the Senate bill, which is incorporated in this bill, that protects the railroad retirement fund and the social-security fund, so that the social-security fund will neither gain nor lose because of the separate existence of the railroad-retirement system. As I understand it, this provision was agreed to by the Bureau of the Budget, the Federal Security Agency, and the Railway Labor Executives Association.

Mr. CROSSER. Now, Mr. Chairman, if I may use some of my own time, I would state that although these amendments are new, they are not half as complicated as the opponents of original H. R. 3669 have tried to make them appear; they are relatively simple, in my opinion.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield to the gentleman briefly.

Mr. O'HARA. I noticed on going through the gentleman's amendment that there were 15 pages which partially, at least, or in full, were new in the bill or in the gentleman's original bill. In all fairness to the Committee, would the gentleman touch on the important ones which he feels we should understand?

Mr. CROSSER. I want to do just that, Mr. Chairman; I would like to make a speech in answer to some of the prattle we have heard today, if you will excuse me, and I mean no offense to anyone.

After all, this is a very plain common-sense proposition. We are just simply trying to see to it that these men who largely by their own effort, back in the early thirties established this retirement system, are not compelled to witness the ruination of their retirement system.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. WOLVERTON. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio may proceed for five additional minutes to explain the changes in the bill.

Mr. TACKETT. Mr. Chairman, reserving the right to object, I wish to state that I sat over here during all the general debate on the bill and I have listened to all this reading and to the speeches thus far, and I do not know one blamed thing about any bill that is before this House on this subject, and I do not believe anybody else does who is not on the committee. I would like to know something of what all these bills are about.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey that the gentleman from Ohio may proceed for five additional minutes?

There was no objection.

Mr. CROSSER. I want to say some things in regard to the tactics that have been employed throughout this debate. It does not seem to make any difference what bill, amendment, or substitute is under consideration; it seems to be more a question of trying to discredit someone.

The railroad workers, as I say, established a statutory retirement system and in it they provided that the Government would not be required to contribute a penny toward the expense. The railroad workers and the employers of the United States paid equal amounts toward the maintenance of the railroad retirement system; each pays an equal amount into the treasury of the Railroad Retirement Board. It was their own plan, their own wish that led to that decision. They had nothing like what the civil service and other retirement systems had in the way of help from outside their organizations. They maintained the system with the contributions of their employers and their own resources. I think that has been a commendable achievement and they have never complained about it. They desire to continue in that way.

I desire to call your attention to the fact that never have we brought before the House a retirement bill or amendments thereto when we did not hear a great hue and cry: "Oh, let us do some more studying, let us have an investigation," every time we brought out a bill for consideration. There is no necessity for an investigation.

We went on without any investigation and we have established what almost everybody admits is the best retirement system in the country today. But the opposition always proposes studies or investigations when they desire to prevent legislation.

In 1935 they came to me when they were hard-pressed and wanted to know what I would think of appointing a commission consisting of nine members, three to be appointed from the Senate, three from the House and three to be appointed by the President, with me as chairman. I said, "Mr. So and So," a very prominent man, "you go back and tell your boss that I desire legislation, not excuses. I am opposed to such subterfuge. I have no authority to speak for the rank and file of the railroad men but I am sure that they would oppose such a move. I am unalterably opposed to it."

The same proposition was again suggested with the same result. Then another Member introduced this resolution for the appointment of such a commission and the resolution for the appointment of the commission of nine members was reported favorably. After our committee had reported the resolution for the appointment of an investigating commission, we succeeded in having our own bill considered in committee. Before we reached the vote, a Member asked me whether or not I would object to adding to our bill the resolution which we had reported providing for the commission. In other words if they should report the bill favorably whether or not there would be any objection to accepting the resolution providing for the appointment of this commission to investigate. I said, "I do not think it is necessary, but on condition that we do not postpone the effective date of the bill itself by any investigation, I will not object." The resolution was added to the bill. The bill passed the House on August 29, 1935, and yet there was no investigation even attempted until about the 20th of December 1935. It was then proposed to extend the effective date of the act and I successfully opposed that proposal. One of the most distinguished Members said to me afterward: "Mr. CROSSER, you do not know what you accomplished in preventing that proposed investigation." He said, "You know, they had planned to trail all over Europe and spend between three and four hundred thousand dollars on an investigation to help us decide whether or not it would be well to provide for the protection of railroad workers in their old age against the menace of poverty."

So I do not take much stock in the blather about investigation. I say the investigation balderdash is for the purpose of interfering with the legislation.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. HARRIS. Mr. Chairman, I rise in opposition to the substitute.

Mr. PRIEST. Mr. Chairman, I ask unanimous consent that the gentleman from Arkansas may be permitted to proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. HARRIS. Mr. Chairman, I reluctantly find myself in a position, as I advised a few days ago, as being in opposition to the very fine, distinguished gentleman from Ohio, my chairman. I have the highest regard for the outstanding service that he has rendered in this Congress, in the interest of his constituents, the railroad people, and particularly the employees, and to all the people of the United States. I know that he is as sincere as anyone can be in his position.

Mr. Chairman, I know you want to know what is in the bill. It is a highly technical, involved bill, and I am going to try to tell you in a very few simple sentences what is in the bill which you spent about 20 minutes or more reading a moment ago.

The Railroad Retirement Act was first adopted, as you know, in 1937. It has been amended on various occasions. The major amendment was in 1946, at which time certain important provisions, including survivorship, and so forth, were included. I supported the liberalization bill then. In 1948 it was amended again. At that time 20 percent additional benefits were provided for those who received benefits under this system. I supported the adjustment. It is true that outstanding, able, actuaries, and those interested in railroad retirement, have been studying this bill with a view to amendment for over a year.

I have great sympathy for the viewpoints of people, but I have little sympathy for the viewpoint that you have

got to take one particular viewpoint and nothing else. No one man's or one individual's viewpoint can be right every time as opposed to everything else. Now as to what the bill would do.

In the first place, you would amend it to take the 10 year men, men with less than 10 years of service, and send them to social security. If a man has had 9 years and 6 months of service under the Railroad Retirement Act, where he has paid in his share—today 6 percent and beginning January 1 it will be 6¼ percent, and with the employer paying in a similar amount, making a total of 12 percent now and 12½ percent beginning January 1—he pays his part, but yet he is transferred to social security where only 3 percent is paid for benefits. That is the first major provision.

The second major provision the chairman of our committee, the gentleman from Ohio [Mr. CROSSER] would provide, is the $50 work clause. Notwithstanding what someone might say about how the greater majority of people want it, it is my information that not only do the operating brotherhoods not want that provision, but it is my opinion and judgment that the non-operating members do not want the $50 work clause which means that if a man in any month makes more than $50 after he retires, he is not eligible to receive what he has paid for over a long period of time.

The third major provision in this substitute amendment is the spouse provision providing for a spouse's benefit of one-half of what the retired annuitant, or pensioner, would get, not to exceed $50 a month.

A fourth major provision is the increase for survivors and annuitants. It would provide 13.8 percent increase for annuitants and pensioners, about 85 percent for the survivors. Some say 60 percent to 85 percent, but it is my understanding, according to all the testimony that we have had, that it is an average of about 85 or 87 percent. That is a pretty good jump in percentage increase for survivors all at one time. Certainly we want to give everybody all we can, and we would like to give them as much as possible.

The fifth major provision is that he would increase the taxable base from $300 per month to $400 per month. There is a reason for the operating brotherhoods and the nonoperating brotherhoods being divided on this. It is because all of the operating brotherhoods are drawing $400 per month, and the nonoperating brotherhoods are not, consequently the operating group will have to pay it. That is just a human, practical position to take.

As the amendment is given to us today, there is another, a sixth major change, the one the gentleman from Texas, our good colleague [Mr. BECKWORTH] referred to a moment ago. That is section 23 of the amendment that is proposed here. It is the integration section, correlation of the railroad retirement with social security.

Let me tell you something. It is my information from talking with these men who work on the railroads that they do not want to become a part of the social-security system. It has been my information and understanding up until this moment that all employees and the brotherhoods oppose being tied in and integrated outright with social security. That statement was made by me last week on the floor of this House. Even the proponents of this bill said, "Yes; that is right, they want no part of it." But this is what you do: You integrate social security and railroad retirement with this section here which was put in the bill as passed yesterday by the Senate.

Let me tell you what it does. You go back to 1937, when the Retirement Act was first adopted. You take the payments a man would have paid had he been under social security. You bring that up until this date. This bill provides that by January 1, 1954, the Railroad Retirement Board and the Social Security Administrator will determine those amounts, and it will be in one lump sum dumped over into social security. It means, believe it or not, that retirement will send to Social Security by January 1, 1954, seven to eight hundred million dollars out of their funds. That is what it means. Then each and every employee of the railroad industry will have taken each year, paid into the social-security system, 3 percent of the payroll, and that will continue until he retires.

You say that is a simple amendment? Did I understand you to say that? Now, the men retires. What happens? There is a guarantee provision that he will receive as much under retirement, as a minimum, as he would receive had he been under social security. Here is how it would work.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HINSHAW. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HARRIS. Mr. Chairman, I thank the gentleman. I do not want to impose upon the membership, but these amendments are not as simple as somebody says they are. They are not one of those things that when they are understood everybody is inclined to be favorable.

Mr. Chairman, when a man retires, he gets the guarantee of the minimum. Ultimately, that will be $80 in social security under the amendments that we provided last year. This $80 each month will be paid back from social security into the retirement fund. It will go into the account of that retired annuitant. Then, if he gets what this bill would provide, the maximum of $169, $80 would come out of social security, and the other $89 would come out of the railroad-retirement fund. That is the way it goes. If you think that is simple, and if you think the employees will say in 1 minute, "We do not want to be taken over under social security," and then we come in with this and say, "We are sending you there," it just is not consistent in my book.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. HINSHAW. We have before us a so-called committee print dated October 12, 1951, purporting to be railroad-retirement legislation, carrying the name of the House Committee on Interstate and Foreign Commerce. As one member of that committee, I had never seen this print before. I wonder if the gentleman ever saw this print before. That is the bill offered by the gentleman from Ohio.

Mr. HARRIS. Let me say to the gentleman that the major provisions of this committee amendment, which is the substitute the gentleman has just offered, has been before our committee for the past many, many months. I do know after reading it, that several provisions were lifted from the bill that passed the other body yesterday, and included in this print, including this real integration section. Now, what he provided in the first bill was that it would not be integrated completely, but that by 1956 the Social Security Administrator and the Railroad Retirement Board would come up with a program and report how it might be done. Bless your soul, this does not put it off until 1956. This takes it under social security right now.

In view of that, Mr. Chairman, and in view of the things that have happened since we were here the week before last, and particularly in view of what happened in the other body yesterday, and in consideration of the fact that every person in this Congress is anxious that something be done before we adjourn—if and when we adjourn—now—in order that those living under the benefits of railroad retirement have an increase in their benefits to help take care of the increased cost of living, the majority of the members of the committee, reporting the committee amendment, Hall substitute, are going to ask you to vote down this highly complicated, far-reaching bill, which very few people, in my opinion, want with the exception of certain ones who have been working, hard, diligently, and honestly, of course I know that, and who are as sincere as they can be. We say, "Let us take as much as we can of what the other body has done." If we vote down this substitute, I propose to offer a substitute amendment which will be in line with what the other body did yesterday, except that it will reduce the taxable base to where it is today. They want to send it up to $350; we say leave it at $300 per month, and then also to delete this integration with social security, which would send a third of the funds in the railroad retirement fund to social security. As I say, with those exceptions, take the rest of the Senate bill.

I have tried, Mr. Chairman, as hard and as diligently as anybody has ever tried, since we debated this provision 10 days ago to get the interested parties together, I know what is in the thinking of the people who are interested. I tell you

if we turn down this and take what we propose, then I know in my own mind that it will be acceptable and entirely satisfactory to the greatest number affected.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LEONARD W. HALL. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HARRIS. I say this on my honor from what I know, Mr. Chairman, that it will be entirely acceptable by the four operating brotherhoods. In my opinion, if and when it might be acceptable to the other body, notwithstanding what has been said here, it will very likely be acceptable to the nonoperating brotherhoods. Furthermore, I believe I would be right in saying that it would be acceptable to the railroad industry. I say this because I tell you I have tried diligently, in every way, even I have asked my good chairman—God bless him, I love him—to come together with us on some compromise whereby we could do something for these people. I admire him for sticking to what he says is fundamental. Yes. It is fundamental when you raise the taxes of people. This House just now refused to do it. It is fundamental when you take their money, after they have paid it in, and send it to another system? These provisions are too technical to say, "Let us pass it over by saying somebody else has done this and we will not accept it." Senator DOUGLAS in the other body offered a concurrent resolution saying that this is a stop gap. He is one of the outstanding economists in that body. He offered the resolution which I believe the members of our committee are willing to take in order that these other major provisions on how additional security may be bought, may be presented to this House at a later date.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. WOLVERTON. Mr. Chairman, I ask for recognition and I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WOLVERTON. Mr. Chairman, the situation that confronts us, I think as it is understood, will enable us to accomplish what I believe is in the heart and mind of every Member of this House. As I emphasized the other day when I spoke upon this bill, there is no difference of opinion with respect to the desire to increase the benefits for pensioners, annuitants, and survivors. The committee took action, and by a majority of the committee, recognized the need that exists for something to be done. It sought to do it in a manner that would bring immediate relief. The letters that come to us, the witnesses who appeared before us, and our correspondence all indicate that there is a real genuine need for an increase in the payments made to beneficiaries under the Railroad Retirement Act. During our discussions in the Committee on Interstate and Foreign Commerce we realized that the bill which is known as the Crosser bill (H. R. 3669) was extremely complicated and had within it many complex questions—provisions that would change the fundamental principles of the Railroad Retirement Act. Therefore, we sought a way to give immediate help to those who are in need, and leave the controversial questions for further consideration under a resolution that we prepared for a study to be conducted.

The present situation is a bit different from that which confronted us when the legislation was before us in the committee. On yesterday the Senate passed a bill. The bill which they passed, in many particulars, is identical with the bill that was reported by a majority of our committee. In some particulars it was different. As we studied that bill—and by "we" I mean those who constituted the majority of the committee on this legislation—as we studied the bill which was passed by the Senate we realized, of course, that there would have to be some compromise between the House and the Senate in order that there might be any legislation whatsoever. The usual procedure is for the House to pass a bill; the Senate passes a bill; conferees representing the two bodies are appointed, and then they meet and endeavor in conference to agree upon the terms of the legislation which they think will prove acceptable to the differing viewpoints in the two bodies. We believe that the bill passed by the Senate is so near what many of us are willing to accept that we should make every possible endeavor to amend the Senate bill on the floor of this House in such manner as to constitute a fair and reasonable compromise and which would have reasonable expectation of being acceptable to the Senate.

The thing we are trying to do is this: We recognize the need; we recognize that if we pass the so-called Crosser bill, which changes so many fundamental principles within the present existing retirement act, that there will be no way whatsoever to bring about an amalgamation between the views of the Senate and the House without a conference, and at this late date in the session to have a conference with minds as set as some of them are in this matter, will make it impossible in my judgment, to come back to this House with any legislation before we adjourn and this would put off the enactment of all legislation until next year when the Congress reconvenes. This would mean delay in getting assistance to those so sorely in need.

If you follow the suggestion that we are making to you today it will enable those who are in need to get help at an early date.

Our compromise bill to take the place of the Hall committee bill is drawn in a way that we hope the Senate can accept it without sending it to conference and thus avoid the consequent delay. Therefore we trust that you will vote down the Crosser bill in order that we may bring before you the Harris bill that is a compromise between the Hall bill and the Senate bill, believing that what we offer is such that it can be accepted in the Senate if adopted in the House. It should have an appeal no matter what the individual views may be with respect to this matter.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. HARRIS. Is it not a fact that the provisions of the committee or the Hall bill as reported out by the committee are identical with the provisions in the bill which was passed by the Senate yesterday?

Mr. WOLVERTON. It has many provisions that are identical. We have modified some that are different and give reasons for the one or two we reject.

It is now my intention to point out to you what the so-called Harris proposal as a compromise to the Hall bill will do. It will accept the Senate provisions with respect to the 15-percent increase for annuitants and pensioners; it will accept the 33⅓ percent increase for survivors; it will give credit to those who work beyond 65 for the years that they work beyond 65 and for which they now pay taxes and get no credit. We correct that inequity. We accept that provision in the Senate bill. We accept the spouse benefit provision of the Senate bill which fixes an amount not exceeding $40; we accept the Senate provision which strikes out of the Crosser bill the so-called work limitation clause—a provision that would not deny to future retired workers the right to earn more than $50 in any one month. If there is anything that has stirred me to the depths of my feelings it has been that provision in the Crosser bill that would deny to an individual who has retired and is 65 years of age or more the right to earn more than $50 in a month, or if he did so would thereby destroy this annuity for that month and every month in which he would earn $50 or more.

I know of nothing more cruel than to expect these individuals who receive retirement benefits of such a small amount to be restricted in what they can earn to supplement their meager annuities or pensions, whatever that may be. Under the law as it exists at the present time they can go out and earn whatever amount is possible. The law should stay that way. We accept the provision in the Senate bill that leaves the law as it is today and strikes out the unjustifiable, inequitable, unfair clause known as the work limitation clause which is presented to us, today, again in the Crosser bill.

We modify in the Senate bill that provision which relates to transferring the men with less than 10 years of service over to the social security. This is in my opinion a breaking of a contractual relationship, to me it is extremely plain that when you take money from individuals year after year up to 10 years on the basis of 6 percent each month of their salary, then tell them that we are

going to take from you your rights under the retirement act and put you under social security it is wrong. Especially in view of the fact that the workers under social security obtained the same benefits for only 1½ percent of their wages and the railroad worker had paid 6 percent. It is so inequitable that the mere statement of it should convince that it is wrong. That is as unfair and I believe as unconstitutional as anything we could do. We modified that in the Harris compromise bill.

We provided that those having less than 10 years of railroad service shall remain on the retirement fund rolls, but further provide that they shall receive in no case less than they would receive under social security. So if there is anything to this statement that under social security they would obtain more benefits than they do under railroad retirement, we say: All right, we will keep them in the railroad retirement fund, we will not pass them out, we will keep them in and we will give them not less than the benefits they would receive in social security.

We reject two provisions that are in the Senate bill.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. CHENOWETH. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. WOLVERTON. Mr. Chairman, we reject that provision in the Senate bill which increases the tax base from $300 to $350. In the Crosser bill this would be increased from $300 to $400. For those in that class it would mean an increase of 33⅓ percent in the amount that they now pay. Instead of $18 a month that they pay at the present time they would pay $24 a month under the provision that is in the so-called Crosser bill.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. In my opinion, the most unfair feature of the increase in the taxable base from $300 to $400 is the fact that the benefits to be derived from that increase do not increase proportionately, am I correct in that statement?

Mr. WOLVERTON. The gentleman is absolutely correct. The provision to increase the tax base from $300 to $400 has been offered by the proponents of the Crosser bill as an opportunity to build up the fund. If that be true, then you are building it up at somebody else's expense. The fact of the matter is they would get some additional benefits but not for many years in the future and not in the same comparative degree as their increased taxes bear to their present taxes. Nor could the remaining amount strengthen the fund to the extent that has been claimed.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from Minnesota.

Mr. O'HARA. With reference to the integration features of the 10-year men with social security at least as it was offered in 3369, that was opposed by both the Social Security and the Bureau of the Budget, is that correct?

Mr. WOLVERTON. You are entirely correct. I was about to speak of that particular provision and call to the attention of the members that both the Bureau of the Budget and the Social Security opposed this provision in the Crosser bill. We reject this provision in the Senate bill because it is such a fundamental change in the Retirement Act that, in our opinion, it would be unwise to adopt such a fundamental change without careful study. There has been no study of it by the committee; absolutely none. So far as the committee is concerned, we had nobody from the Federal Social Security to testify before us. We had no actuary before us. They were not permitted to come before us, but in the reports of the Social Security Administration and the Budget Bureau they oppose it and I ask you folks who are anxious to do the right thing in this matter to read the report of the Federal Security Agency, read the report of the Bureau of the Budget, each of which in language that is plain says this provision of the Crosser bill would produce inequitable results; that it would tend to destroy the fund, and neither of them gave it their support.

Mr. Chairman, where does the support come from for this bill? It comes from no department of Government except, as some may say, the Railroad Retirement Board. Well, that was a divided report, if not a unanimous report. Furthermore the actuaries of the Railroad Retirement Board were not permitted to come before our committee and testify. They did testify in the Senate hearings and said the provisions of the Crosser bill would break the fund within 50 years and leave 16,200,000,000 of unpaid liabilities.

Mr. Chairman, I want to bring to your attention what we think is the sensible thing to do. First, give benefits that will be helpful immediately. Adopt some of these provisions that will enable the House and the Senate to get together on a basis that will give some expectation that the Senate will accept the House compromise bill without going to conference. That would mean immediate legislation and immediate help to those in need.

Now then, as to the study. The most important thing that this House can do, aside from granting these benefits, is to pass legislation that will provide for a study to be made of the possibilities of further improving the retirement and further increasing benefits. The Bureau of the Budget said:

> Any need to provide higher and more varied benefits for railroad workers toward which the bill (Crosser bill) is pointed should and can be met in a simpler and more equitable way, consistent with broad national interests and long-range objectives. Better dollar for dollar value can be given by providing coverage for all railroad workers under the old-age and survivors insurance system, with the railroad retirement program retained to supplement the old-age and survivors insurance benefits. This would carry out the recommendations of both the President and the Senate Advisory Council on Social Security.

What does that mean? I will tell you what I think it means.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. LEONARD W. HALL. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WOLVERTON. I will tell you what is in the minds of some people, and I want you to think of it. The report says it can be done in a simpler way. I will tell you what this proposed study should carry out. It should make inquiry as to the feasibility of a plan that would enable the Railroad Retirement Board to remain in existence, purchase from the Social Security for railroad workers for 3 percent all of the benefits that can be obtained under social security, and leave the balance of 9 percent, now being paid by railroad workers into their retirement fund, to be used by the Railroad Retirement Board in increasing the benefits that are now paid to retired railroad workers and their survivors. That is a simple way in which this matter of increased benefits without increased taxes can be approached. I think this is what may have been meant by the Bureau of the Budget as well as of the Social Security Administration when they both suggest that a simpler way than that provided in the Crosser bill is available.

My friends, with all the sincerity that I have in my being, I ask of you in the interest of those who are in need, let us pass this Harris substitute bill that will bring us in line with the Senate bill already enacted and which gives hope that the Senate will accept it without going to conference and thus give immediate help to those who are in need.

Mr. GOLDEN. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from Kentucky [Mr. GOLDEN].

Mr. GOLDEN. Mr. Speaker, I believe all Members of Congress have been very seriously trying to find out what is the very best improvements and amendments that we could pass at the present session of Congress for the past and present railroad employees and their dependents.

Neither the committee bill nor the Crosser substitute contains everything that we Members would like to see, in the way of increased annuities and pensions, but we will have to decide which bill is better, because it is apparent that during the past week when the debates on this bill were delayed, no agreement was reached by the various brotherhoods sponsoring the different bills.

While there are many good, beneficial features of the Crosser substitute, there is one section of this bill that I do not like and I think it should be stricken from the Crosser substitute. I refer to

the limitation which cuts off and causes the railroad employee who has retired, to lose his annuity if he should earn as much as $50 per month.

My reasons for concluding that this is a hurtful provision of the Crosser substitute are as follows:

To begin with, it encourages idleness and it robs good, industrious men, who have earned in full and paid for their retirement, of earning money.

Most of these retired railroad men, through long years of work, have acquired useful skills in mechanics and electrical repair work; many of them are excellent cabinet makers and carpenters, and have business ability which would make them useful, constructive citizens who can continue to contribute to the welfare of their communities if it were not for this limitation that would prevent them from earning money when they have retired.

It is bad for the morale of a man who wants to work, knows how to work, and how to create, to be tied down so he cannot work.

You can take, for instance, most any of these men who could render useful service in the communities where they live and think about what will happen if this ball and chain is locked around their legs so they cannot be useful citizens. Take a railroad man who has retired, who is a skillful mechanic and carpenter. Many of his neighbors and friends could bring him all sorts of furniture and machinery that would be out of order and practically useless, and he could repair it and be paid for his work and knowledge, and thereby he could supplement his annuity. He would be better off, his family would be better off, he would have more on which to live, he would feel like he was doing something useful and beneficial for the people among whom he lives.

In addition to this, we should consider some basic facts. Say, for instance, some housewife has a good chair that would cost $25, or maybe $50, to buy one like it and replace it, that is broken and out of repair; say this same woman takes that chair to a good skillful and retired railroad employee who can fix that chair for her for $2 and make it practically as good as new. By his work and skill he has created the equivalent of $25 or more to the wealth of this country. Over a period of a month he would be able to repair many articles of furniture, improve and repair many houses, and possibly create additional wealth of from $500 to $1,000 per month, and maybe he could earn for his own family by this part-time work, $100 for himself. He would be better off, his neighbors would be better off, and his country would be better off. Yet if we adopt this work limitation clause, all of this would be lost to everybody.

Wealth is created in the United States mainly by just a few things. To start with, all wealth comes from the soil and natural resources and the products made from them by the brain and knowledge, skill, and labor of man. There is no other source from which wealth can be created.

In order to have a high standard of living, a very large amount of new wealth created each year, we must have the combined labor, brains, and effort of all the American people applied to all of our minerals, soil, and natural resources.

In order to meet the tremendous strain upon the economy of this country, to produce more wealth for our people to live on, and more wealth for our Government to tax to build up our national defenses, we should do everything possible to take the shackles off of our people, encourage individual initiative, let everybody work who is able to work, and let them make their full contribution to the welfare of society.

If we handicap 100,000 or more of our retired railroad men who possess a large degree of knowledge, experience, and skill and do not allow them to work and contribute to the creation of wealth, we will be taking a backward step.

There is a provision in the social-security law like and similar to this clause in the Crosser substitute, that prevents men and women from working in covered employment and earning as much as $50 per month, that ought to be stricken from the Social Security Act, because it also cuts off a great source of creative wealth; it encourages idleness; it would in some instances place before men and women the temptation not to report their earnings in order to continue to draw their social security, and the first opportunity that we have we should amend the Social Security Act by striking out of it the work limitation contained therein.

There is a direct contractual relationship between the Railroad Retirement Fund and the men who have worked on the railroad and paid in a part of their wages each month in order to become participants in the distribution of these funds for themselves and their dependents, in the way of pensions and annuities. If we come along here in Congress and slap a work limitation on these retired railroad men and knock them out of drawing the annuities which they have paid for, and which belongs to them, if they work, I think we will be violating their vested contractual interest in this fund, if we take away their annuities when they work and make $50 or more per month.

In a free country, there are certain fundamental guaranties under the Constitution that every citizen should enjoy. Each man should have the right to fully enjoy the rights to life, liberty, and the pursuit of happiness, and it is fundamental, in the land of the free and the home of the brave that a man should have a right to work and have a right to earn.

This section of the bill that prevents a man from working and earning, under penalty of losing his annuity, is against fundamental, constitutional rights, and liberties that should be enjoyed by every free man.

It has many evil consequences. Our great free country has been handicapping its citizens and taking away from them their freedom a little at a time, in first one bill and then another, passed by the Congress of the United States. We have too many laws in this country that enables the Federal Government to encroach upon the fundamental freedoms of our citizens. This section of the bill is a rank example of an invasion of the freedom of a large group of American citizens to work and earn. This section of the Crosser substitute, which, in many other particulars, is an excellent bill should be stricken out by an amendment. All people should welcome the fruits of the earnings of retired railroad men without any handicaps or limitations; they should be allowed to continue as free men in a free country, and they should not be handicapped from making their full contribution to the creation of wealth in this country, and their basic, constitutional, contractual rights should not be taken away from them by adopting a law that says, you cannot have your annuity that you have bought and paid for, if you continue to work as a free man in a free land.

Mr. BECKWORTH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is obvious that an area of disagreement does still exist, although I think it likewise is obvious that there is a tendency to agree that some provisions of the Crosser bill are good provisions.

I have been interested particularly to note that some of those who seem to object to bringing up to the social security standard in benefits all railroad retirement annuitants and pensioners now think it is a good thing, and have so stated. That was one of the original contentions of those of us who favor the Crosser amendment.

This question of doing things in a simple way is a two-pronged thing. The Senate just passed the bill yesterday. We have had no hearings on the Senate bill. We have, of course, no reason to doubt our brethren on the committee, but they have already accepted it in part, and perhaps without that great, careful study, that unusual study, that has been indicated as being so necessary.

I want to say something about the study. I think the members of this committee can be assured that the House Committee on Interstate and Foreign Commerce, to the extent of its ability and so far as time will permit, studies all matters that come before us. Whether or not a resolution is passed, whether or not there is a provision in the bill, as and when additional railroad retirement legislation is considered here, you may be sure that this committee, Republicans and Democrats, will have studied it just as much as they can. So in a great measure that is beside the point. We propose to study any future legislation we bring here just as much as possible.

I made the statement originally that the reason I am for the Crosser bill is that in my opinion it undertakes to give the greatest help to those who need help the most. I stand by that statement. If there is any reason for supporting the Crosser bill this afternoon it is because it held out that one important objective of trying to do for the poorest, the one who was receiving the least, the most. Nothing has been said or done that alters the objective of the Crosser bill, I assure you.

I repeat, the important objective of the Crosser bill has been this, to do the most for those whose need is the greatest. What objective is more laudable than that? What bill having provisions that carry that kind of object into meaning can be more meritorious?

Yes, there has been difference of opinion as we have considered this. There is still difference of opinion, and there is still, I might add, some changing of viewpoints, as has been demonstrated here this afternoon. But I repeat that those of us who have suported the Crosser bill have sought to take into consideration that there are thousands of people, thousands of spouses, thousands of children who need help, who are getting practically nothing. It does little good to come here and say that we raise a fellow or a child who is getting $20 per month 15 percent. You raise him $3. Of course, he can buy a few more hamburgers and a little bit more bread with that, but $3 falls far short of the important mark that we all should be interested in attaining. The Crosser bill in helping those people undertakes to raise them, not 33⅓ percent and not 40 percent, but around 80 percent, and that we say is justified and sustainable.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HESELTON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BECKWORTH. I will try to answer any questions that the gentleman may have.

Mr. HESELTON. In connection with the objections that have been expressed as to the work limitation provisions of the Crosser bill, I would like to ask the gentleman whether or not it is true that this body voted those identical limitations into the Social Security Act?

Mr. BECKWORTH. On how many million people would the gentleman say?

Mr. HESELTON. About 50,000,000 people.

Mr. BECKWORTH. How many?

Mr. HESELTON. About 50,000,000 people are involved under that bill.

Mr. BECKWORTH. Whether it is right or wrong, the Congress has already taken action upon that. Of course, some people do not like it, however, this is not the first restrictive piece of legislation that we have had that causes people not to be able to do what they want to do. All Members of this body have heard me talk about the restrictions that are placed on many, many farmers throughout the country who cannot grow a row of a given crop, even though they own their own farm. This is not the first restriction, and you know that is the truth. There are thousands of people in this country today, because of the statutes that this Congress has put on the law books, who cannot do things that they want to. You know that is the truth. I have not been one who has proclaimed the virtue of the $50 work clause provision. In any bill there are undesirable features. However, I still believe the Crosser bill even though it has defects is a good bill. I know the other side does not claim perfection for their bill or bills. They are this fair and reasonable as legislators.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BECKWORTH. I yield.

Mr. BENNETT of Michigan. One thing seems to me to have been overlooked in the debate so far. That is that in order to raise the benefits under the Railroad Retirement System, you ought to provide new sources of revenue, or you have to make savings somewhere. The Crosser bill, and this is one of the reasons I am supporting it, provides for new sources of income to meet the increases that are proposed. The committee bill does not do that. It instead proposes a study. You can study this thing from now until kingdom come, but there is one thing that you cannot lose sight of, and that is you have 12 percent of the payroll that goes into this fund. You cannot raise the retirement pensions in any substantial degree today without getting some more money. Now where are you going to get it? You either have to raise the tax base, and transfer part of this load to social security, or you have to make savings elsewhere. That is what the Crosser bill is endeavoring to do. No matter how long this thing is studied, do not forget that in order to raise these benefits and keep the funds solvent you are going to have to find new sources of income.

Mr. BECKWORTH. There has been very excellent evidence of what the gentleman has just stated in the form of a change that has taken place here this very afternoon, if those who are now supporting some of the provisions of the Senate bill actually mean what they say and I know they do. When we were here before, what did they say? They said "Do not raise the tax base from $300 to $400." Then what did the Senate do? They raised the tax base from $300 to $350. What some gentlemen have said, what the Senate has done certainly is making an impression on some of those who have spoken here this very afternoon. They now favor as has been said raising the taxation base from $300 to $350.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may be permitted to proceed for two additional minutes, as I would like to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BECKWORTH. I will be glad to try to answer the gentleman's question.

Mr. HARRIS. On the very point that the gentleman from Michigan [Mr. BENNETT] just asked, with reference to the soundness of the fund, is it not a fact that in your report which was provided in the appendix in the minority report, that the funds as reported by the bill that the gentleman is supporting here will cost a total net of 14.13 percent of payroll?

Mr. BECKWORTH. Are you referring to page 12?

Mr. HARRIS. I am referring to the cost analysis on page 73 of your report.

Mr. BECKWORTH. I might say that I have received some figures, although I do not have them before me, that would indicate that the Hall bill, which was discussed the other day, the one not raising any taxes, as it does not, would actually cost more money—take more of the payroll percentagewise, I mean than the Crosser bill which does raise taxes. Of course, taxes would be included in the Crosser appraisal. In other words, the one that would constitute the greatest net drain on the fund would be the Hall bill. I have received some information like that.

Mr. HARRIS. Is it not a fact that each of the bills proposed, according to the actuaries, will actually cost more than the amounts that are paid in by employee and employer on the taxable payroll?

Mr. BECKWORTH. I think the gentleman is correct.

Mr. HARRIS. And is it not a fact that all bills proposed are unsound, from an actuarial standpoint, and it is necessary that something else be done to raise the money?

Mr. BECKWORTH. I want to try to answer the gentleman. I think the gentleman is right, that actually each bill, the Hall bill and the Crosser bill, will constitute, over and above the situation today, a net drain on the fund.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. BECKWORTH. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BECKWORTH. But what has seemed to impress the committee is this: that in the past we have feared that as we passed legislation the fund would be depleted in a ruinous or unsound way. Even though that has been the case, we did pass legislation in the past and have found that our estimates have been unusually conservative, and therefore we have felt at liberty to go ahead and do what might be termed "taking some percentage of chance." One of the things that has contributed to that is the fact that employment in the railroad industry has been unusually high in the last few years.

Mr. BEAMER. Mr. Chairman, will the gentleman yield?

Mr. BECKWORTH. I yield to the gentleman from Indiana.

Mr. BEAMER. Is it not true, the gentleman from Texas remembers that in the Senate the actuary for the Railroad Retirement Board testified that by the year 2000 the fund would be absolutely depleted under the provisions of the Crosser bill? That is true, not only of that actuary but of all the other actuaries that appeared before our committee.

Mr. BECKWORTH. Of course, the Railroad Retirement Board does have the benefit of some actuarial advice. I think that is something that has not been mentioned before. Having served on the committee as long as I have, we just do not find in the testimony that the actuaries present what might be termed a unanimity of sentiment. That is one thing that we are constantly baffled about, because one actuary says one thing, another says another, and we have to use our best judgment, based on the best information we can get.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if the Members of the House will take the committee report on this bill and turn to the minority report which is represented by those who are speaking in favor of the Crosser bill, on page 75 you will find a table telling where the proponents of the Crosser bill expect to get the money with which to finance this 85 percent increase and so on. The first is the so-called $50 work clause fund. They expect to get $50,000,000 into the fund by causing these people, 65 years of age, to keep right on working after they are 65, and thereby not draw their pensions, so that their pension payments would remain in the fund. That $50 work clause is supposed to provide $50,000,000 which retirable people, under the Railroad Retirement Act, will not draw if they earn over $50 a month.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. Briefly.

Mr. HARRIS. Is it not a fact that under the testimony there is wide difference of opinion as to whether or not it will actually save $50,000,000 to the fund?

Mr. HINSHAW. Sure; certainly; but that is where they propose to get $50,000,000.

Item No. 2 is the so-called financial adjustment between the railroad-retirement fund and the social-security system. That is supposed to yield $100,000,000. Do you know how it is done? Just sleight of hand. The railroad-retirement fund charges 6 percent to the worker and 6 percent to management on the payroll; that is 12 percent. For 3 percent they, in effect, propose to buy social security for those who work less than 10 years on a railroad, and the difference of 9 percent, half of which is paid by these men and half by the railroads, that difference of 9 percent is considered to be a clear profit to the railroad-retirement fund and hence provides $100,000,000 in benefits. They do that by saying that those who work ultimately less than 10 years for the railroads must go to social security and hence lose the 9 percent that has been paid by them and in their behalf.

Then they get another $80,000,000 from the change in the taxable and creditable monthly compensation from $300 to $400. That is a change in the tax base. They go out and tell these railroad workers that there is no change in the taxes, but actually there is a change, because they change the taxable base pay from $300 a month to $400 a month. That is supposed to bring in $80,000,000.

I think the Committee of the Whole can pretty well understand what the controversy is about in our committee. The committee is 2-to-1 against the Crosser bill. The committee wants to make a basic increase in all of these rates that are now being paid and then give this thing the study that it requires, which will take 4 or 5 months. In the meantime, however, these people will get their increase, those who are now on pension and annuity rolls will get it; they can get it beginning the 1st day of November if we adopt the substitute which the gentleman from Arkansas [Mr. HARRIS] will offer if the Crosser substitute is voted down.

Mr. ROGERS of Florida. Mr. Speaker, I wish to see if we can get an agreement limiting further debate on this amendment. I ask unanimous consent that all debate on the Crosser amendment and all amendments thereto close in 20 minutes.

Mr. CROSSER. Mr. Chairman, I will object unless I can have 10 minutes.

Mr. HARRIS. Mr. Chairman, will not the gentleman modify his request to make it 30 minutes, allotting the last 10 to the gentleman from Ohio [Mr. CROSSER]?

Mr. ROGERS of Florida. I did not think that could be done, but Mr. Chairman, I so modify my request.

The CHAIRMAN. The gentleman from Florida [Mr. ROGERS] asks unanimous consent that all debate on the Crosser amendment and all amendments thereto close in 30 minutes, the last 10 to be reserved to the chairman of the committee. Is there objection?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I rise in support of the substitute offered by the gentleman from Ohio [Mr. CROSSER]. In all the years I have served in this House I have always made it a point in matters affecting the railroad workers to follow my good friend from Cleveland, BOB CROSSER. I take what he says about railway-retirement bills at face value and that his views are based on the needs of the railroad workers. I have faith in his judgment.

Originally, the Railroad Retirement Act came before the Committee on Ways and Means of which even at that time I was a member. At that time the gentleman from Ohio [Mr. CROSSER] was the leader and guiding light in connection with that legislation. I have never gone wrong on any proposal he has made regarding the welfare of the railroad workers. I am confident that as regards solvency and providing properly for the railway workers the gentleman from Ohio [Mr. CROSSER] has the issue well in hand.

I do not think he has disregarded common sense or the permanency of the retirement plan involved in this legislation. Therefore, I propose to vote in favor of the substitute he has offered. I am going to hold fast to the views and the course prescribed here by the gentleman from Ohio [Mr. CROSSER].

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KERSTEN].

Mr. KERSTEN of Wisconsin. Mr. Chairman, I offer an amendment to the substitute.

The Clerk read as follows:

Amendment offered by Mr. KERSTEN of Wisconsin to the substitute offered by Mr. CROSSER. After section 12 insert the following new section:

"Section 12A, employees who, prior to death, had not less than 30 years of service as defined in section 1 (f) of the Railroad Retirement Act of 1937 as amended, and who died in the period beginning August 29, 1935, and ending June 30, 1938, shall be deemed, solely for the purpose of a widow's age 65 annuity, to have died fully insured, within the meaning of section 5 (1) of such act: *Provided, however,* That any annuity awarded under this section shall be computed in the same manner as if such annuity had been awarded under section 5 (a) of such act: *Provided further,* That this section shall apply only with respect to widows who are not receiving monthly pensions (whether under public or private plans) based on the railroad service of their deceased husbands."

Mr. KERSTEN of Wisconsin. Mr. Chairman, this amendment does not involve the main issue which confronts the committee. I shall offer it to the committee amendment provided the Crosser substitute is not agreed to.

My amendment simply provides for consideration for a group of people, namely the widows of those employees who died between August 1935, and June 1938, who are not otherwise provided for, that they may qualify to receive a widow's age 65 pension.

I inquired of the Railroad Retirement Board Research Director as to how many people this would cover and he answered it would cover less than 2,000. In other words, this would seek to provide for the widows of employees of 30 years or more of service and who died during this period, who are not otherwise provided for.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. Does the gentleman know what it would cost?

Mr. KERSTEN of Wisconsin. Yes. It would cost less than $10,000,000, according to Mr. Matscheck.

Mr. ROGERS of Florida. How much less?

Mr. KERSTEN of Wisconsin. The closest computation I can make is that it would affect less than 2,000 widows. In other words, in all of these measures we are seeking to care for those whose need is greatest, and here is a category of people who are not provided for.

I wish to quote, in part, from the telegram I received yesterday from Mr. Matscheck as to the effect of my amendment:

A precise determination cannot be made of widows that would be affected by your proposed amendment to H. R. 3669. We estimate however that the number would be less than 2,000. The total cost of the proposal on a present value basis would be less than $10,000,000. Such additional cost would not change our estimate of the tax rate necessary to finance H. R. 3669.

Employees of 30 years or more of service on the roads have invested their lives

in the railroad industry. They are the ones who have really built the great railroad system of our country. There are none more deserving of the benefits of this fund than their widows.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KLEIN].

Mr. HARRIS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HARRIS. The gentleman from Wisconsin has just offered an amendment. Would it not be in order to vote on his amendment before further debate?

The CHAIRMAN. Does anyone desire to be heard on the amendment?

Mr. ROGERS of Florida. Mr. Chairman, I rise in opposition to the amendment. Here is an amendment coming in here for the first time. I do not know whether I am for it or against it, because I do not know how it would affect the fund. We ought to really have a hearing on an amendment like this.

Above all, we should always look to keeping retirement funds solvent, and this amendment might affect the solvency of the Railroad Retirement Act.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. KERSTEN] to the Crosser substitute.

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KLEIN].

Mr. KLEIN. Mr. Chairman, there is not an awful lot that can be said in a minute and a half, but I take this time to call your attention to a remark of the gentleman from Arkansas my good friend [Mr. HARRIS]. I know that he would never willfully mislead the membership, but he made a statement about the so-called integration amendment, and I believe the gentleman left the impression that this would ultimately result in a complete integration into the social-security system of the railroad-retirement system, and I know the gentleman did not mean that.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from Arkansas.

Mr. HARRIS. Is it not true that one-third of all funds paid in since 1937 to January 1, 1952, automatically go into the social-security fund? If that does not affect the fund, I do not know what does.

Mr. KLEIN. I do not have the time to engage in any controversy with the gentleman, of whom I am very fond, but I will say that anyone who looks at the record of the gentleman from Ohio [Mr. CROSSER], the father of the railroad-retirement system, who fathered it in 1937, who has devoted many, many years to its study, and is so recognized by all the railroad people of this country, will realize that it is farcical to state that he would possibly want to do away with the railroad-retirement system and integrate it into the social-security system.

In reply to my friend from Arkansas, let me state that over the years, more money will flow into the railroad-retirement system from social security than the other way around, and the railroad-retirement system will be strengthened thereby.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. DENNY].

Mr. DENNY. Mr. Chairman, I ask unanimous consent that the time allotted to me be yielded to the gentleman from Pennsylvania [Mr. VAN ZANDT].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.].

Mr. HUGH D. SCOTT, JR. Mr. Chairman, I am just as confused as anybody else, but I have heard nothing here to alter my conviction, based upon extensive hearings in our committee, that the Crosser amendment still presents the best possible solution, and I shall support it. If the Crosser substitute amendment passes, I shall be happy about it, and if it does not pass I will continue in my efforts to get the best bill we can so far as my vote may assist in that direction. Certainly we must not adjourn without providing needed relief from the fund to beneficiaries suffering from the burdens of the present inflation.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Arkansas.

Mr. HARRIS. Should the Crosser bill be voted down and the proposed substitute as explained be offered, would the gentleman support it?

Mr. HUGH D. SCOTT, JR. I find that the prediction business is very uncertain these days. I have no idea what will happen next on this vote.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS of Mississippi. Mr. Chairman, in the brief space of a minute and a half I shall address my remarks to only one aspect of this legislation. From the information I have been able to obtain as a member of the Committee on Interstate and Foreign Commerce from the hearings and from the executive sessions on this legislation, it appears to me that the Crosser bill approaches this problem with a different philosophy from that of the committee bill. The Crosser bill, because of its inclusion of the $50 work clause, approaches this legislation from the standpoint of encouraging men to work beyond retirement age, or giving them the very unhappy alternative of having to live in a state of economic peonage—their income limited to the small, inadequate annuities which they may be able to receive under this bill.

In my opinion, the $50 work clause is in itself sufficient reason why the Crosser bill should be rejected. The committee bill, as it may be amended by the Harris substitute, considers these annuities to be the property of the workers, to do with as they see fit. It has no work clause and is fair in every respect to all annuitants.

I hope the Crosser amendment is rejected and the Harris substitute is adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. MCGUIRE].

Mr. MCGUIRE. Mr. Chairman, after the fiasco of 1948 I can see why the gentleman from Philadelphia did not want to make any predictions.

Mr. HUGH D. SCOTT, JR. If the gentleman will yield, the gentleman made no reference to anything except the railroad retirement bill.

Mr. MCGUIRE. All right. I want to tell you that no one has worked any harder for the Crosser bill than I have. I think we are very lucky that we have a man like BOB CROSSER heading the Democrats and a man like CHARLIE WOLVERTON heading the Republicans. We have a grand committee. I say we are all practical politicians and we ought to give and take.

I contacted the people back in my district. I talk to the railroad men in the New Haven station every week, sometimes three times a week. I will say frankly they do not like this $50 work clause. I would like to see it knocked out. I do not think it is good. But I would like to have said here that just as I think the Korean war situation ought to be run as if everyone of us had our only son in the front line in Korea, as far as the railroad retirement legislation is concerned, I think we should pass legislation as if our only son were a railroad worker.

We have been nice to everybody in the world. I think we ought to start being nice to the American people by treating the railroad workers right now.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. HESELTON].

Mr. HESELTON. Mr. Chairman, I realize, too, that in a minute and a half it is impossible to cover even the basic grounds for my conviction that the Crosser bill should be accepted by the committee. I do want to try to cover two points, one of which has not been emphasized very much in the course of this debate.

In the first place, one of the principles we must follow is that this fund be kept solvent. If you accept the committee bill, it has been reliably estimated that an annual deficit of over $108,000,000 will be incurred. If you support the bill that the gentleman from Ohio [Mr. CROSSER] has suggested, the estimate is that the fund would rise gradually for between 15 to 20 years to a point of $7,600,000,000, and then level off at $7,500,000,000. To vote for the committee bill, the only alternative that is now before us is a calculated and deliberate action leading to wrecking this fund.

To vote for the Crosser bill is to vote to do as much as can be done for those who need it the most, particularly the widows and the dependent children and still maintain the solvency of this fund. And the needs of these beneficiaries would be more fully met, which is the second point.

Under the committee bill they would get a pitiful increase of anywhere from $7 to $10, but under the Crosser bill would get an increase of at least $60 and possibly up to $75.

I ask you to take these facts into consideration before you vote on these proposals.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. BEAMER].

Mr. BEAMER. Mr. Chairman, something is happening in this country. There are too many Members in the House who are forgetting the folks back home, the men who are in retirement, and who are about to go on retirement in a short time. Too many people are listening to the whims of certain bureaucrats. I hope you will think about the people who will be benefiting by this retirement, and who have paid their money into the fund in the past. I have written and received hundreds of letters from those people. Once they learn the contents of the Crosser bill, they are against it. I am speaking in behalf of those people, and that is the reason I cannot support the Crosser bill. When they learn what is in it, they are against it. They said they do not want any increase in the rates, and you have it in the Crosser substitute. They said they do not want to be thrown into Social Security, and that is what has been done by this substitute. They want the fund protected, and I know that you will find that the actuaries who appeared before the Senate and House committees testified that the fund would be depleted.

I would like to read for the RECORD a telegram from 830 Indiana retired railway employees who are now on the retirement list. It is as follows:

> The Association of Retired Railway Employees of Indianapolis with a membership of 830 urgently request you to support the Hall amendment or substitute to the Crosser bill.
>
> ASSOCIATION OF RETIRED RAILWAY EMPLOYEES.
> VERT M. VILLERS, *President*.

Those are the people who will be benefited. Why do you not listen to them?

Mr. VAN ZANDT. Mr. Chairman, when this legislation was under consideration on October 4, I stated very frankly why I could not support the Crosser bill at this time, but would support the Hall bill, which is stopgap legislation. I also said in my remarks at that time that I would favor the House resolution which provides that a study of the Railroad Retirement Act be made immediately and that by next February 15 a bill be introduced incorporating the recommended changes resulting from the study.

Since October 4, I have talked to many railroaders back in my congressional district and have heard from many others by mail. I am not being critical of any of the railway labor organizations when I say that those railroad men to whom I talked—both active and retired—confessed that to them the debate on the Crosser and Hall bills is too technical and they are bewildered and confused.

When I talked to officials of the various railway unions I found that they knew the good points of both bills but they were reluctant to discuss the controversial features. Regardless of what bill these union officials supported they joined active and retired railroaders in agreeing that the solvency of the railroad-retirement fund is the paramount issue. They were also in complete agreement on the fact that immediate relief must be given to present recipients of railroad retirement benefits.

It was unanimously agreed that the Railroad Retirement Act should be examined with the thought in mind of reducing the retirement age, the years of mandatory service, and liberalizing other provisions of the existing law.

In addition to talking to active and retired railroaders several retired men canvassed members of the railroad fraternity in my congressional district and here is the report I received regarding their interviews:

> We can see nothing wrong by having both Houses of Congress accept the Hall bill as an emergency plank for the bridge, thus permitting the Railroad Retirement Act to reecive a general overhauling next February. Meanwhile, we old-timers will receive a much-needed increase as well as the widows and children of deceased employees.

As I said during the debate on this legislation on October 4, I am in favor of many of the provisions of the Crosser bill, if it can be shown after further study that these new benefits will not endanger the financial condition of the railroad-retirement fund.

It is freely said that these new benefits are sugar-coated pills and include the increase of benefits to annuitants and pensioners and the widows and surviving children together with the new monthly benefit to the spouse. These benefits are said to be sugar-coated because they require the acceptance of bitter pills in order to obtain them.

Taking the bitter with the sweet means that in order to obtain these new benefits certain savings to the railroad-retirement fund must be effected and in addition new sources of income must be found in order to provide $230,000,000 estimated to be the annual cost of these new benefits under the Crosser bill.

To raise the $230,000,000 it is proposed that the following changes be made in the existing law:

Recipients of railroad retirement benefits would be prohibited from earning in excess of $50 monthly except if retired on disability. This prohibition means that a retired railroader cannot earn more than $50 monthly in outside employment without forfeiting his monthly railroad retirement check.

This provision in the Crosser bill is designed to force railroad employees to work beyond their retirement age of 65. It is said that such a provision will effect a saving of $50,000,000 annually.

Railroaders in my district resent Congress or anyone else restricting their earnings after they retire under the provisions of the Railroad Retirement Act. They feel that with their employer they have paid for their retirement and that it is rank discrimination if not unconstitutional to apply such a restriction. In my opinion such a restriction is punitive legislation and would force retired railroaders and their families to exist on a fixed income.

The idea of forcing railroaders to work beyond the age of 65 is equally repugnant because the majority of us know that a determined effort is being made in railroad circles to reduce the age of retirement from 65 to 60 years with the option of retiring at age 60 or upon completion of 30 years service regardless of age.

I have petitions from more than 3,400 railroaders in my district urging that the age of retirement be reduced to age 60 and that the Railroad Retirement Act be amended to permit retirement upon completion of 30 years of service regardless of age.

Then too, we must not forget that in times of depression in the railroad industry it is the young man at the bottom of the roster who is furloughed and who urges the retirement of older employees. These young employees will suffer greatly if older employees are forced to work beyond the age of retirement.

Another objection to the Crosser bill is the increase in payroll taxes brought about by taxing earnings up to $400. Under existing law earnings up to $300 are taxable.

This increase which will amount to $6.25 monthly on the additional $100 is estimated to produce $80,000,000 annually after January 1, 1952. While I recognize that the increase of payroll tax will provide additional benefits to the individual upon retirement, yet the average railroadman in my district is opposed to any increase in taxes on his earnings. He knows that to increase payroll taxes will shrink further his take-home pay and he states he fails to see the necessity for an increase since he now pays 4 times the tax imposed under social security, yet, upon retirement receives less benefits.

It has been said that there is only a small percentage of railroad labor to be affected by this payroll increase under the Crosser bill. According to information furnished the House Committee on Interstate and Foreign Commerce as a result of a check of the 10 largest railroads in the United States 46 percent of their 1,490,000 employees receive wages less than $300 monthly. That means that 54 percent of the employees earn in excess of $300 a month and on their shoulders will fall the burden of paying for these sugar-coated pills.

Objection is also voiced to the Crosser bill over the proposal to transfer over 5,000,000 persons with less than 10 years of service to the social security rolls, on the assumption that such action will effect a saving to the railroad retirement fund of $40,000,000.

For the Congress of the United States to arbitrarily transfer these people without any idea of their feelings on the subject and to reduce their benefits at the same time is in my opinion a violation of their rights. I have hundreds of people in my district who would be adversely affected by this provision and those who are aware of it are vigorously opposed to it. Over a period of years railroad brotherhoods have indoctrinated the railroad man and his family with the idea that the social-security system is

intent on taking over the railroad retirement system. With all the sincerity at my command I can tell you that the people in my district feel that the Crosser bill is the first step in that direction and they want nothing to do with it.

According to the testimony in the Senate of Mr. Robert J. Myers, Chief Actuary, Social Security Administration, I look with suspicion upon the provision in the Crosser bill whereby the Railroad Retirement Board and the Federal Security Administrator will, by June 1, 1956, recommend legislation that they hope will make a further estimated annual saving of $60,000,000 in the railroad retirement fund.

Mr. Chairman, as I said on October 4 and I repeat it again today, there is general agreement among all who are interested in amending the Railroad Retirement Act that present recipients of benefits under the Railroad Retirement Act must be granted immediate relief through an increase in benefits. This cannot be accomplished under the Crosser bill, because the Railroad Retirement Board will have to hire and train hundreds of new employees to administer its provisions.

For example, the spouse's provision alone will require the filing of an application with supporting evidence in the form of a marriage certificate together with a birth certificate. In addition the files of more than 5,000,000 employees will have to be examined preparatory to the transfer to social security of those with less than 10 years of service.

Let us not forget the policing job that will have to be done to ferret out retired people earning in excess of $50 monthly so that their retirement check could be stopped as provided by the Crosser bill.

May I remind you that under the 1946 amendments to the Railroad Retirement Act 200,000 claims had to be reexamined in order to determine if and how much increased benefits would be payable on each claim. It required over 1 year to complete the job and that meant considerable delay in paying the increased benefits.

All of us should give particular attention to the division of opinion on the Crosser bill. It starts in the Federal Security Agency, it exists with Railroad Retirement Board, is found among actuarial experts, prevails in the ranks of railway labor and among the members of the House Committee on Interstate and Foreign Commerce, while active and retired railroad employees are equally bewildered and confused.

Nor can we ignore the opinion of experts who are opposed to the Crosser bill, including Mr. Murray W. Latimer, formerly Chairman of the Railroad Retirement Board, and who should know whereof he speaks, for he is a recognized authority on the Railroad Retirement Act. When testifying on Senate bill 1347, which is identical to the Crosser bill, Mr. Latimer said:

> Either the Railroad Retirement System will collapse or there will be a Government subsidy.

He continued by saying that the bill "from the standpoint of financial soundness represents extreme recklessness."

In conclusion, after detailed study and serious reflection I am convinced that there is only one position that I can take to guarantee the solvency of the railroad retirement fund and to grant immediate relief to retired employees and to widows and surviving children, and that is to support the Hall bill, which if approved by both Houses of Congress this week, will mean that the check that all retired employees and survivors receive for the month of November will include an across-the-board increase of 15 percent to all annuitants and pensioners and 33⅓ percent increase to widows and surviving children, with a 25 percent increase in lump-sum death benefits.

It is my intention to support the House resolution which will be considered in conjunction with this legislation and which provides for a thorough study of the Railroad Retirement Act by the House Committee on Interstate and Foreign Commerce in order to determine the extent to which it may be liberalized without jeopardizing the railroad retirement fund.

The House resolution provides that the recommendations of the House Committee on Interstate and Foreign Commerce be submitted to Congress in the form of a legislative proposal following the completion of the study and that such legislation be introduced not later than February 15, 1952. Therefore, Congress will be given the opportunity of liberalizing the Railroad Retirement Act after careful study of the recommendations made, and will not be proceeding in a blind manner.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The Chair recognizes the gentleman from Florida [Mr. ROGERS].

Mr. ROGERS of Florida. Mr. Chairman, there is just one other feature of this bill that I want to emphasize that has not been emphasized, and that is that the Crosser bill would absolutely make the retirement fund insolvent by the year 2000. That is the testimony of every expert.

Let me read you a quotation from what Mr. Latimer said. As you all know, he is the father of railroad legislation. Here is what he said:

> Mr. Murphy in his prepared statement on S. 1947—
>
> Which is identical with the Crosser bill—
>
> said that under the bill either the railroad retirement system will collapse or there will be a Government subsidy.

None of us likes subsidies. If you want to subsidize it, all right, vote for the Crosser amendment.

He further criticized the bill from the standpoint of financial soundness as "the extreme of recklessness."

Both Mr. Mercer and Mr. Overholtzer, who is associate to the Railroad Retirement Board, each testified that if you put into operation the Crosser amendment, within the year 2000 you would have an insolvent fund and none of these people would get anything.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee for a minute and a half.

Mr. PRIEST. Mr. Chairman——

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to my distinguished colleague.

Mr. HARRIS. Mr. Chairman, I would not want anyone to labor under a misapprehension. I said in my remarks a moment ago that in my judgment if the Crosser bill were voted down and the substitute proposed adopted that it would be in my opinion acceptable to the nonoperating groups. I am advised by a member of the nonoperating group that it would not be acceptable to them. I wanted to make this correction known to the membership before we vote; that information shows how noncompromising some people are and the tough problem we have had.

Mr. PRIEST. Mr. Chairman, I imagine I have perhaps half a minute left, and in that half minute I simply want to say that very shortly the House will make a choice between the Crosser substitute and the Harris substitute that will be offered if the Crosser substitute is voted down.

I can appreciate, I think, having lived rather strenuously with this subject for the last 3 months how the Members feel. I hope, however, that when the decision comes in in about 10 minutes we will defeat the Crosser substitute and open the way for a substitute to be offered by the gentleman from Arkansas [Mr. HARRIS]. Here let me pay him a tribute and express public appreciation for the fact that during the last few weeks the gentleman from Arkansas has labored diligently night and day in an effort to bring about a compromise. I think he deserves great credit for the effort he put forth. I hope we will support his substitute when it is offered.

The CHAIRMAN. The gentleman from Michigan [Mr. SHAFER] is recognized.

Mr. SHAFER. Mr. Chairman, I can state very briefly my reasons for supporting the Crosser bill (H. R. 3669).

This Congress has voted billions of dollars of the taxpayers' money for giveaway programs to other countries and for nonessential Federal expenditures. In so doing it has added to the fires of inflation which victimize persons living on pensions more than any other single group of our fellow citizens.

Can there be any possible question, either on the merits of the case or in the face of this record of profligacy, about voting an increase in retirement benefits for American railroad men when that action involves no increase in taxes and no added cost to the taxpayer?

Can there be any possible question, when the proposed action involves the railroad men's own pension funds, when it adequately safeguards those funds against dissipation and when the proposed action is necessary in order to bring their pension benefits somewhere nearly in line with pension benefits provided other Americans under social security?

I think the answers to these questions are obvious.

They are, to me, compelling reasons for my support and vote in favor of the Crosser amendments contained in H. R. 3669.

The CHAIRMAN. The gentleman from Ohio [Mr. CROSSER] is recognized for 10 minutes to close the debate on the Crosser substitute.

Mr. CROSSER. Mr. Chairman, during the 2 days I have sat here, while this bill has been under consideration, I could hardly refrain from laughing at some of the manifestations of anxiety for the welfare of the fine railroad-retirement system. Some hearts almost bled in their anxiety—anxiety lest something awful should happen to the noble railroad-retirement system which some of us had already done much to establish; yet I cannot forget the indifference of some of the folks during the early stages of development of the legislation which has brought that retirement system to its present high standard.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. HARRIS. I trust the gentleman would not imply to this Committee that at any time in the past any bill the gentleman has had before the Committee on this subject was not properly considered.

Mr. CROSSER. I was not talking about that.

Mr. Chairman, it is interesting to hear the wailing and dramatic references to the necessity for protecting this great railroad-retirement system. It makes me feel somethink like a kind of pride, though somewhat perplexed, because in the beginning I had the wonderful satisfaction of having the floor almost entirely to myself when the battle for the railroad-retirement legislation was in progress. But enough of that. I think the membership in general can remember something about the experiences I have had in the past.

They try to tell you that railroad men all over the country are overwhelmingly opposed to my bill. The fact of the matter is that 80 percent of the railroad workers of the United States, 80 percent are in favor of this legislation, as stated by the official heads of their organization. Railroad labor organizations favor the bill I have introduced. So let us not have any more of this balderdash about the great majority being against it.

Mr. Chairman, in addition to the fact that 80 percent of all the railroad workers of the United States have committed themselves to this legislation, we have a letter from William Green, for many years president of the American Federation of Labor, in which he wholeheartedly endorses the Crosser bill and urges the Congress as earnestly as he knows how to pass this bill.

We have heard them tell us about the differences between what these bills provide. Let me show you, for instance, what would happen to widows under the three different schemes. Under the present arrangement, the widows get $30.10 a month. The Hall substitute would give them $40. The social security gives them $43. But the Crosser bill would give them $52 a month. A widow with one dependent child under present law receives $50.17. The Hall substitute would give her $66, the social security $86, and the Crosser bill $104, giving some slight indication of the amount of exaggeration with which we have had to contend because of the desperation these men have manifested in order to discredit the bill which I have been supporting.

I think everyone knows I have spent more than 20 years of my time in an effort to perfect the railroad-retirement system and I do not think that I have been far behind the newcomers in my efforts in that respect. Let me tell you that this bill is in harmony with everything I have done before. If I did a good job then, as I have been told heretofore was the case, then this bill improves the work.

Let us pass now to three or four other matters which have been misrepresented, or else those speaking in reference to the same did not know that about which they were talking. I refer to the so-called consolidation of the social-security system with the railroad retirement system. As a matter of fact, I was one of the first who opposed any effort at joining the two systems or absorbing the railroad-retirement system, as some of the self-constituted protectors of the railroad-retirement system desired to do. I not only opposed such consolidation but I advised the railroad workers also to oppose it. This bill I am glad to say does not propose any merger.

There are nearly 5,000,000 men whose names appear on the railroad-retirement records who have had less than 1 year's actual service. These men are not railroad men in the true sense. They are casual workers, do such work as washing windows, sweeping out the buildings, fellows who do a day's work now and then. They are not the rank and file of railroad men of the country for which the railroad-retirement bill was originally planned. These men are not railroad workers at all and they really belong to the lower-cost pension system, social security.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from Massachusetts.

Mr. HESELTON. I might add to what the gentleman has said that 83.4 percent of these people have service of 1 year or less.

Mr. CROSSER. That is right; practically all of them. The idea of saying we are wrecking the railroad-retirement system, as if I could reasonably desire to do anything of that kind. Years ago there was no one here shouting for a retirement system. The men in those days left the service of the railroads with little hope of having a sufficient income during old age. They had no assurance of protection against want and I can remember how hard we tried to arrange, for the peace and serenity during the evening of life of these old men who had spent the best part of their lives in operating a fine railroad system in this country. Now we hear the opposition talking as if I were anxious to tear down the retirement system. They are hard put for arguments, but nothing is further from the truth. We proposed in our bill in the case of old men who had reached the age of retirement, "If you have a wife, we are going to try to provide additional help, a little more than for those who have no wife to support." So in our bill we provided that wives 65 years of age should receive an additional amount, equal to half of what the man himself would get, but not to exceed $50. We thought that was the sensible way to help when we could not get a large increase for everyone alike.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

All time has expired.

Mr. CROSSER. Well, if there is no objection, I would like to have a little more time.

The CHAIRMAN. By unanimous consent, the time has been fixed.

Mr. LEONARD W. HALL. Mr. Chairman, I ask unanimous consent that the gentleman may be permitted to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from North Carolina.

Mr. COOLEY. I would like to have the gentleman from Ohio tell the House how much consideration was given to this so-called Hall substitute in the committee.

Mr. CROSSER. Less than 15 minutes, I will say to the gentleman. That is how much time was given to it. I am glad the gentleman asked that question.

Mr. LEONARD W. HALL. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. LEONARD W. HALL. Will the gentleman tell the Committee how much time was given to the consideration of the substitute that he has offered today, with the new provisions in it?

Mr. CROSSER. My dear fellow, the new provisions were discussed all the way through. They were not actually in the bill, but they were discussed, practically all of them.

Mr. LEONARD W. HALL. The gentleman has in his substitute integration with social security, which he was against in committee.

Mr. CROSSER. No; I disagree about that.

The work clause has a very good justification. The first bill we passed here had a work clause in it prepared by Murray Latimer, now the adviser of the CIO, in reference to retirement matters. He was their spokesman, a good man.

I would be very glad to give a complete discussion of all the provisions of this bill if I had time, but I do desire to say a word in closing about mankind's obligation to this fellow man. Let me give an illustration of what I think would be our ideal in conduct. Let us follow the example of the man whose life and conduct in his closing days at this earthly

scene are described in the following poem, to wit:

An old man, going a lone highway,
Came at evening, cold and gray,
To a chasm, vast and deep and wide,
Through which was flowing a sullen tide.
The old man crossed in the twilight dim—
That sullen stream had no fears for him;
But he turned, when he reached the other side,
And built a bridge to span the tide.
"Old man," said a fellow pilgrim near,
"You are wasting strength with building here.
Your journey will end with the ending day;
You never again must pass this way.
You have crossed the chasm, deep and wide,
Why build you the bridge at the eventide?"
The builder lifted his old gray head.
"Good friend, in the path I have come," he said,
"There followeth after me today
A youth whose feet must pass this way.
This chasm that has been naught to me
To that fair-head youth may a pitfall be.
He, too, must cross in the twilight dim;
Good friend, I am building the bridge for him."

Friends, let us all try to emulate the example of the old bridge builder. Let us have no more sophistry. Let us pass the Crosser bill, H. R. 3669, which has been carefully prepared and which we have urged for many months.

The CHAIRMAN. The question is on the Crosser substitute for the committee amendment.

The question was taken; and on a division (demanded by Mr. CROSSER) there were—ayes 99, noes 139.

Mr. CROSSER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. BECKWORTH and Mr. WOLVERTON.

The Committee again divided; and the tellers reported there were—ayes 114, noes 158.

So the substitute amendment was rejected.

Mr. HARRIS. Mr. Chairman, I offer a substitute for the committee amendment.

The CHAIRMAN. The Clerk will report the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. HARRIS as a substitute for the committee amendment: "That section 1 of the Railroad Retirement Act of 1937, as amended, is amended by adding after subsection (p) thereof a new subsection as follows:

"2. The term Social Security Act and Social Security Act, as amended, shall mean Social Security Act as amended in 1950."

Mr. HARRIS. Mr. Chairman, we have had this matter before us all afternoon. The original bill was read and it has been debated rather fully. We have explained what the substitute will do already.

In view of that, I ask unanimous consent that the proposed amendment be considered as read and printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. HESELTON. Mr. Chairman, reserving the right to object, and I do not intend to object, will the gentleman advise the House whether the substitute he is now offering contains all of the provisions of S. 1347, which was passed by the other body?

Mr. HARRIS. I shall be glad to explain to the gentleman, in the very brief remarks that I expect to make, just what the differences are. I would tell him there are some slight differences.

Mr. HESELTON. Are there differences in the bill?

Mr. HARRIS. There are three slight differences in the bill.

Mr. HUGH D. SCOTT, JR. Reserving the right to object, is the gentleman in a position to say that his amendment is substantially the same as the Senate bill?

Mr. HARRIS. There are two major changes in the Senate bill, and one more modified or minor change.

Mr. HUGH D. SCOTT, JR. Will the gentleman explain them?

Mr. HARRIS. I will be glad to, if the unanimous-consent request is granted.

The CHAIRMAN. Is there objection?

Mr. CROSSER. I object; this is important enough that we should have an opportunity to read it and correct it if necessary.

The CHAIRMAN. It will be in the RECORD.

Without objection further reading is dispensed with.

Mr. HESELTON. Mr. Chairman, I shall object to dispensing with the further reading. I wonder if the chairman of the committee has in mind the question of whether this substitute will be voted on tonight before we have an opportunity to read it in the RECORD.

Mr. CROSSER. That is exactly the question I want to ask. We certainly have never seen this; I never have.

The CHAIRMAN. The Chair cannot dispose of that.

Mr. HAYS of Ohio. Mr. Chairman, I object.

Mr. CROSSER. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question pending before the Committee is: Is there objection to dispensing with further reading of the amendment, it to be printed in the RECORD?

Mr. HAYS of Ohio. Mr. Chairman, I object.

Mr. RABAUT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RABAUT. Is there objection to having the proposed amendment printed in the RECORD?

The CHAIRMAN. The request submitted was to dispense with further reading of this amendment and that it be printed in full in the RECORD.

Mr. RABAUT. There is no objection to that.

The CHAIRMAN. Objection was heard.

Mr. HAYS of Ohio. Mr. Chairman, I withdraw my objection. I understood we were going to proceed with the discussion of this amendment, but if the Committee is going to rise and the amendment will be printed in the RECORD, the membership will have time to read it. I withdraw my objection under those circumstances.

The CHAIRMAN. Without objection the further reading of this amendment is dispensed with and it will be ordered printed in the RECORD.

There was no objection.

(The amendment referred to follows:)

Amendment offered by Mr. HARRIS as a substitute for the committee amendment: "That section 1 of the Railroad Retirement Act of 1937, as amended, is amended by adding after subsection (p) thereof a new subsection as follows:

"'(q) The terms "Social Security Act" and "Social Security Act, as amended" shall mean the Social Security Act as amended in 1950.'

"SEC. 2. Subsection (c) of section 2 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase '60 days', the phrase '6 months.'

"SEC. ?. Section 4 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase '60 days' in subsection (k) thereof the phrase '6 months.'

"SEC. 4. Section 2 of the Railroad Retirement Act of 1937, as amended, is amended by adding after subsection (d) thereof the following new subsections:

"'(e) Spouse's annuity: The spouse of an individual, if—

"'(i) such individual has been awarded an annuity under subsection (a) or a pension under section 6 and has attained the age of 65, and

"'(ii) such spouse has attained the age of 65 or in the case of a wife, has in her care (individually or jointly with her husband) a child who, if her husband were then to die, would be entitled to a child's annuity under subsection (c) of section 5 of this act, shall be entitled to a spouse's annuity equal to one-half of such individual's annuity or pension, but not more than $40: *Provided, however,* That if the annuity of the individual is awarded under paragraph 3 of subsection (a), the spouse's annuity shall be computed or recomputed as though such individual had been awarded the annuity to which he would have been entitled under paragraph 1 of said subsection: *Provided further,* That, if the annuity of the individual is awarded pursuant to a joint and survivor election, the spouse's annuity shall be computed or recomputed as though such individual had not made a joint and survivor election: *And provided further,* That any spouse's annuity shall be reduced by the amount of any annuity and the amount of any monthly insurance benefit, other than a wife's or husband's insurance benefit, to which such spouse is entitled, or on proper application would be entitled, under subsection (a) of this section or subsection (d) of section 5 of this act or section 202 of the Social Security Act; except that if such spouse is disentitled to a wife's or husband's insurance benefit, or has had such benefit reduced, by reason of subsection (k) of section 202 of the Social Security Act, the reduction pursuant to this third proviso shall be only in the amount by which such spouse's monthly insurance benefit under said act exceeds the wife's or husband's insurance benefit to which such spouse would have been entitled under that act but for said subsection (k).

"'(f) For the purposes of this act, the term "spouse" shall mean the wife or husband of a retirement annuitant or pensioner who (i) was married to such annuitant or pensioner for a period of not less than three years immediately preceding the day on which the application for a spouse's annuity is filed, or is the parent of such annuitant's or pensioner's son or daughter, if, as of the day on which the application for a spouse's annuity is filed, such wife or husband and such annuitant or pensioner were members of the same household, or such wife or husband was receiving regular contributions from such annuitant or pensioner toward her or his support, or such annuitant or pensioner has been ordered by any court to contribute

to the support of such wife or husband; and (ii) in the case of a husband, was receiving at least one-half of his support from his wife at the time his wife's retirement annuity or pension began.

"'(g) The spouse's annuity provided in subsection (e) shall, with respect to any month, be subject to the same provisions of subsection (d) as the individual's annuity, and, in addition, the spouse's annuity shall not be payable for any month if the individual's annuity is not payable for such month (or, in the case of a pensioner, would not be payable if the pension were an annuity) by reason of the provisions of said subsection (d). Such spouse's annuity shall cease at the end of the month preceding the month in which (i) the spouse or the individual dies, (ii) the spouse and the individual are absolutely divorced, or (iii), in the case of a wife under age 65, she no longer has in her care a child who, if her husband were then to die, would be entitled to an annuity under subsection (c) of section 5 of this act.'

"SEC. 5. Subsection (a) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by changing '2.40' to '2.76', '1.80' to '2.07', and '1.20' to '1.38.'

"SEC. 6. Subsection (b) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by striking out all of paragraph 4.

"SEC. 7. Subsection (e) of section 3 of the Railroad Retirement Act of 1937, as amended, is amended by changing the phrase 'subsection 2 (a) (3)' to 'section 2 (a) 3 or the last paragraph of section 3 (b)'; by changing '3.60' to '$4.14', and '$60' to '$69'; and by changing the period at the end of the subsection to a colon and inserting after the colon the following: *'Provided, however,* That in case of an individual having a current connection with the railroad industry and not less than ten years of service that if for any entire month in which an annuity accrues and is payable under this act the annuity to which an employee is entitled under this act (or would have been entitled except for a reduction pursuant to section 2 (a) 3 or a joint and survivor election), together with his or her spouse's annuity, if any, or the total of survivor annuities under this act deriving from the same employee, is less than the amount, or the additional amount, which would have been payable to all persons for such month under the Social Security Act (deeming completely and partially insured individuals to be fully and currently insured, respectively, and disregarding any possible deductions under subsections (f) and (g) (2) of section 203 thereof) if such employee's service as an employee after December 31, 1936, were included in the term 'employment' as defined in that act and quarters of coverage were determined in accordance with section 5 (l) (4) of this act, such annuity or annuities, shall be increased proportionately to a total of such amount or such additional amount.'

"SEC. 8. Subsection (a) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out the phrase 'three-fourths of'; and by changing the period at the end thereof to a colon, and by inserting after the colon the following: *'Provided, however,* That if in the month preceding the employee's death the spouse of such employee was entitled to a spouse's annuity under subsection (e) of section 2 in an amount greater than the widow's or widower's insurance annuity, the widow's or widower's insurance annuity shall be increased to such greater amount.'

"SEC. 9. Subsection (b) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out the phrase 'three-fourths of'; and by changing the period at the end thereof to a colon and inserting after the colon the following: *'Provided, however,* That if in the month preceding the employee's death the spouse of such employee was entitled to a spouse's annuity under subsection (e) of section 2 in an amount greater than the widow's current insurance annuity, the widow's current insurance annuity shall be increased to such greater amount.'

"SEC. 10. Subsection (c) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'one-half' the phrase 'two-thirds'.

"SEC. 11. Subsection (d) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'one-half' the phrase 'two-thirds'.

"SEC. 12. Subsection (e) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting for the phrase 'one-half' the phrase 'two-thirds'.

"SEC. 13. Subsection (f) (1) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting in the first sentence for the word 'eight' the word 'ten'.

"SEC. 14. Subsection (h) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"'(h) Maximum and minimum annuity totals: Whenever according to the provisions of this section as to annuities, payable for a month with respect to the death of an employee, the total of annuities is more than $30 and exceeds either (a) $160, or (b) an amount equal to 2⅔ times such employee's basic amount, whichever of such amounts is the lesser, such total of annuities shall, prior to any deductions under subsection (i), be reduced to such lesser amount or to $30, whichever is greater. Whenever such total of annuities is less than $14, such total shall, prior to any deductions under subsection (i), be increased to $14.'

"SEC. 15. Subdivision (ii) of paragraph (1) of subsection (i) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by substituting '$50' for '$25'.

"SEC. 16. Subsection (j) of section 5 of the Railroad Retirement Act of 1937, as amended, is amended by striking out all of the third sentence thereof after the phrase 'the month in which' (incluing the proviso), and substituting the following: 'eligibility therefor was otherwise acquired, but not earlier than the first day of the sixth month before the month in which the application was filed.'

"EFFECTIVE DATES

"SEC. 17. (a) Except as otherwise specifically provided, the amendments made by this act shall take effect with respect to benefits accruing under the railroad retirement acts and the Social Security Act after the last day of the month in which this act is enacted, irrespective of when service or employment occurred or compensation or wages were earned: *Provided, however,* That in the recomputation pursuant to this act of survivor annuities heretofore awarded, the basic amount shall not be recomputed.

"(b) The amendments made by sections 2, 3, and 16 of this act shall apply to benefits awarded in whole or in part on or after the date of enactment of this act.

"(c) Where the parent of a deceased employee has, prior to the date of enactment of this act, been awarded a survivor annuity under the Railroad Retirement Act which is currently payable, the entitlement of such parent to a survivor's annuity in accordance with the amendments made by this act shall be determined without regard to whether or not such employee died leaving a 'widow', as defined in this act.

"(d) All joint and survivor annuities heretofore and hereafter awarded shall, notwithstanding the provisions of law under which the election of the joint and survivor annuity was made, be increased to the amount that would have been payable had no election been made, if the spouse for whom the election was made predeceased the individual who made the election; such increased annuity shall, subject to the provisions of section 2 (c) of the Railroad Retirement Act of 1937, as amended, begin to accrue on the first of the calendar month following the calendar month in which the spouse died but not before the calendar month next following the month of enactment hereof.

"(e) All pensions due in months following the first calendar month after the month of enactment hereof, shall be increased by 15 per centum.

"(f) The increase in retirement annuities provided by this Act shall apply also to annuities heretofore awarded under the Railroad Retirement Act of 1935, and the term 'spouse' as used in this Act shall include the wife or husband of an employee who has been awarded an annuity under the Railroad Retirement Acts of 1935. The provisions of this Act shall not apply to annuities heretofore paid under the Railroad Retirement Acts in lump sums equal to their commuted values.

"(g) The annuity of the spouse of an employee who has been awarded an annuity under section 3 (b) of the Railroad Retirement Act of 1935 or under section 2 (a) 2 (b) of the Railroad Retirement Act of 1937 prior to its amendment by Public Law 572, Seventy-ninth Congress, shall, subject to the provisions of this Act, be one-half the annuity such employee would have received had the annuity been awarded at age sixty-five.

"(h) All recertifications by the Railroad Retirement Board required by reason of the provisions of this Act shall be made without application therefor.

"AMENDMENTS TO THE RAILROAD UNEMPLOYMENT INSURANCE ACT

"SEC. 18. Section 1 (k) of the Railroad Unemployment Insurance Act, as amended, is amended by adding at the end of the first paragraph thereof the following: *'Provided further,* That any calendar day on which no remuneration is payable to or accrues to an employee solely because of the application to him of mileage or work restrictions agreed upon in schedule agreements between employers and employees or solely because he is standing by for or laying over between regularly assigned trips or tours of duty shall not be considered either a day of unemployment or a day of sickness.'

"SEC. 19. Subsection a–1 of section 4 of the Railroad Unemployment Insurance Act, as amended, is amended by striking out all of subsection (iii) and (iv) thereof.

"SEC. 20. The provisions of sections 28 and 29 of this act shall become effective with respect to registration periods beginning on and after January 1, 1952."

Mr. HARRIS. Mr. Chairman, I ask recognition.

The CHAIRMAN. The gentleman from Arkansas is recognized for 5 minutes.

Mr. HARRIS. Mr. Chairman, it is getting late and it will require but very few minutes to explain this substitute in view of the debate we have had on this subject this afternoon following the debate which we had last Thursday, a week ago. If the membership will listen to me briefly, I will try to explain very quickly just what it will do.

The Committee on Interstate and Foreign Commerce after considering this entire subject for several months, not 15 minutes, as we were told a moment ago, but after considering the entire subject for several months and holding hearings for days and days and meeting day after day in executive session, considered the original bill which was just

now voted down, considered the bill that the chairman introduced on behalf of the operating brotherhoods, and considered some 25 or 30 other bills that were introduced by individual Members of Congress. We considered the entire subject over a long period of time. The committee took up the bill H. R. 3669 and read it paragraph by paragraph and amended it in various ways. After the completion of reading of the bill, a number of amendments were adopted, incidentally leaving the bill at that time pretty much in line with what I am offering here now. The Congress was about to recess for a few days and the members of the committee were anxious to report something before they left. Consequently, we reported the Hall substitute, which would provide 15 percent across-the-board increase for pensioners and annuitants.

Mr. CROSSER. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Ohio.

Mr. CROSSER. And I say without fear of contradiction that I did not see or hear that so-called substitute read until 15 minutes before we adjourned the committee.

Mr. HARRIS. I appreciate that.

Mr. CROSSER. That is what I said before. I did not say we had not considered these bills. That is not it. But we did have about 15 minutes to look at the lines that were written there.

Mr. HARRIS. I still stand on my statement that we considered this entire subject, including this bill, in the course of many, many months.

Mr. CROSSER. And on the same basis I have considered it for 20 years.

Mr. HARRIS. Well, I commend the gentleman for his very fine work.

Mr. CROSSER. I am talking about a specific thing.

Mr. HARRIS. So the committee voted a straight across-the-board increase of 15 percent for annuitants and pensioners. We provide 33⅓ percent for survivors and 25-percent increase for lump-sum payments. We did that in order to get something out of the committee so that some tangible action would be taken by the committee before we left.

I am proposing here the identical increase for the annuitants, pensioners, survivors, and lump-sum payments and the same increase that was included in the bill that was passed by the Senate yesterday. The Senate accepted the action of our committee with reference to increased benefits for beneficiaries. In addition the Senate provided a spouse provision for $40 instead of $50. We are accepting that in the substitute I am offering here.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Massachusetts.

Mr. HESELTON. Does the gentleman's substitute guarantee all of the annuitants and survivors the same payments that they received before?

Mr. HARRIS. I will get to that in a moment. We have spouse benefits in this substitute providing $40. That is, one-half of the pensioner's retirement but not to exceed $40 instead of the $50. originally proposed. We do not increase the taxable base from $300 to $350 as was in Senate bill. We strike that provision out and leave the taxable base where it is.

We provide a modification for the 10-year men. The Senate transferred all 10-year men to social security, that is all employees with less than 10 years of service.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HESELTON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HARRIS. Mr. Chairman, we provide that the less than 10-year men will remain just as they are today. We provide a guaranty for those with 10 years or more of current service in the railroad industry, a minimum guaranty that they shall receive what they would have received had they been under social security, just as the bill the gentleman originally introduced provided, the very same thing that the gentleman from Texas has been asking for to help those who need help most.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. Will the gentleman give us an idea of the cost?

Mr. HARRIS. I will come to that. We strike out the provision of social security integration, the one that I explained to you a moment ago, which the chairman accepted and offered today for the first time and which has never been considered by members of our committee. We strike that out. In other words, we modify the 10-year provision. We take out the increase for the taxable base. We strike out the integration provision and we take the rest of the bill which the Senate adopted yesterday in the hope that this House will accept it, that it may go to the Senate and that the Senate will accept it and these people who are entitled to these benefits will receive them without delay.

Mr. BENNETT of Michigan. Does the gentleman know, if his proposal is adopted, that it will cost approximately 17-plus?

Mr. HARRIS. No, the gentleman does not know that. Neither does the gentleman from Michigan know it.

Mr. BENNETT of Michigan. Does not the gentleman agree that the Senate bill as now passed will cost 14.06?

Mr. HARRIS. No. Senator DOUGLAS—and it is in the committee report—says it will cost 13.90 which is more near in line with a sound program than the one the gentleman from Michigan has been supporting.

Mr. BENNETT of Michigan. Does the gentleman know how much his bill will cost?

Mr. HARRIS. It will cost 13.9 plus about one-half percent, because of striking out the spouse provision. It will mean about $45,000,000.

Mr. BENNETT of Michigan. But you are reducing the taxable base from $350 to $300. How much are you going to lose there?

Mr. HARRIS. We do not think that that takes away from the soundness of the fund any more than your proposal. That is the reason we will have to have the resolution for further study.

Mr. BENNETT of Michigan. How much does that increase the cost of your proposal?

Mr. HARRIS. By reducing it?

Mr. BENNETT of Michigan. Yes.

Mr. HARRIS. I will say to the gentleman it is just as sound as any program that has been presented, and the RECORD shows it throughout, because as yet there is no bill that has been offered that has a sound program, that is keeping the fund actuarially sound.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. You have eliminated entirely the limitation on earnings after one retires?

Mr. HARRIS. Yes; we have eliminated the $50 work clause altogether.

Mr. PRIEST. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Tennessee.

Mr. PRIEST. In line with what the gentleman just said about cost, the gentleman, I am sure, will point out to the committee, and the committee will recognize, that this also, as a majority of the committee sees it, is in effect stopgap legislation pending a study that must be made of the controversial issues.

Mr. HARRIS. And so stated by Senator DOUGLAS yesterday when the bill passed the Senate.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Louisiana.

Mr. BROOKS. Does this increase the tax assessment?

Mr. HARRIS. It does not increase the tax assessment at all.

I urge the committee to accept this substitute because I firmly believe this is undoubtedly the nearest that we can come to satisfying all groups.

Mr. HESELTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, at this late hour I do not intend to use 5 minutes. I think the RECORD, however, should be made entirely clear that the bill that has been offered eliminates a provision that is calculated by the proponents in the other body, as well as by those of us who supported the Crosser bill, as involving $50,000,000 that you are going to throw away if you accept this amendment.

Secondly, yesterday afternoon in the other body the gentleman to whom the gentleman from Arkansas referred said flat-footedly that this bill will cost 14.06 percent. That is at the bottom of the first column at page 13117 of the RECORD. You are going to take a real chance on wrecking this proposal if you act hurriedly. There should be a disposition for all of us who want to do the right thing to at least see what is in this RECORD and see what is in this bill that we are asked to vote upon at this time of night. We have no idea, except as the

gentleman has outlined it, and I agree, capably, of what it contains. I think we owe it to ourselves and to the railroad workers of this country, whatever unions they may belong to, that we take considerate and not hasty action, that we know we are acting in their best interests, and that we are individually and collectively measuring up to our responsibilities. We must recognize that in a very real sense we are acting as trustees of this fund. I hope there will be no insistence on hasty action that we may all regret very much in the days to come.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. Is it not also a fact that taking the integration with social security out of the amendment offered by the gentleman from Arkansas will cost another 2 percent of the payroll?

Mr. HESELTON. It will.

Mr. BENNETT of Michigan. So that the total cost of the amendment offered by the gentleman from Arkansas on the railroad-retirement fund would be 1.07 percent of payroll. Where in the name of common sense is this money going to come from? The maximum fund that is raised under the present tax is 12½ percent. No one proposes that that tax rate be raised, so how are you going to provide these benefits unless you provide some savings or increase the tax rate here to make the money available?

Mr. HESELTON. I cannot answer the question. But surely it should be answered.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield to the gentleman from Pennsylvania.

Mr. HUGH D. SCOTT, JR. Will not the gentleman agree that the best chance of getting a workable bill here is to go along at this point with that provision in the bill from the other body which raises the base pay from $300 to $350, rather than the suggestion offered by the gentleman from Arkansas?

Mr. HESELTON. I would say that many of us who supported the provisions of the amendment offered by the gentleman from Ohio [Mr. CROSSER] would undoubtedly be willing to go along with most of the features of the Senate bill to get something done. The gentleman from Michigan [Mr. BENNETT] suggests that we are literally providing no possibility of paying these increases. How are you going to explain this action to these people when the day comes and you have to say, "We must increase your taxes or we must reduce these benefits." That is the question that will be asked of us if we act hastily tonight without sound consideration of the fiscal side of this picture. I want these benefits increased. I am sure we all do. But I want our action now to be such that we can defend and explain it and that it will be a case of continued maintenance of the increases.

Surely those who have expressed concern about increased payments to this fund because the proposed increase in the tax base should be equally concerned as to whether there will have to be increased tax rates soon under this proposal.

I think we would all expect these beneficiaries to adjust their standards of living upward upon receiving increased benefits. Surely no one would want to have to reduce them later if this proposal made that or an increased tax rate necessary.

From the study I have been able to give to this proposal in these few minutes. I do believe it is an infinitely better suggestion than the committee bill. While I question whether an opportunity for a few short hours' study of it is likely to be granted, I feel strongly that for the RECORD, for the conference, and for the future, at least this warning of the possibilities should be given. I think it is my responsibility to do this and I appreciate the courtesy of my colleagues in permitting me to do so.

Mr. KERSTEN of Wisconsin. Mr. Chairman, I offer an amendment to the substitute.

The Clerk read as follows:

Amendment offered by Mr. KERSTEN of Wisconsin to the substitute offered by Mr. HARRIS: After section 16 insert the following new section:

"SEC. 16 A. Employees who, prior to their death, had not less than 30 years of service as defined in section 1 (f) of the Railroad Retirement Act of 1937, as amended, and who died in the period beginning August 29, 1935, and ending June 30, 1938, shall be deemed, solely for the purpose of a widow's age-65 annuity, to have died fully insured, within the meaning of section 5 (1) of such act: *Provided, however,* That any annuity awarded under this section shall be computed in the same manner as if such annuity had been awarded under section 5 (a) of such act: *Provided further,* That this section shall apply only with respect to widows who are not receiving monthly pensions (whether under public or private plans) based on the railroad service of their deceased husbands."

Mr. KERSTEN of Wisconsin. Mr. Chairman, I shall not take the entire 5 minutes to which I am entitled, because of the lateness of the hour, but I ask the gentlemen of the Committee on both sides to consider seriously the situation of the widows of employees who died during the period from 1935 to 1938; that is not involved in the main issue that is before the House.

My amendment merely seeks to take care of less than 2,000 widows who are 65 or over, who are not otherwise provided for; widows of employees who had 30 years or more of service with the railroads. These employees have helped to build up the roads, and they are entitled to consideration.

Mr. Matscheck, the research director of the committee, estimates that the total over-all cost for all time, not just for 1 year, as I think was understood when I previously argued this point, is less than $10,000,000, for all time, to take care of fewer than 2,000 widows of railroad employees who have 30 years or more of service, in a period of time about 2 years, for which there is no provision.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from West Virginia.

Mr. BAILEY. I think the gentleman's amendment is a worthy one, and I think it is justified. I hope it will be the pleasure of the House to adopt it.

Mr. KERSTEN. I thank the gentleman for his observation. I merely want to point out that if we really want to do something for people who are in need, these are the people in greatest need.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield to the gentleman from Arkansas.

Mr. HARRIS. I am sure the gentleman will recall that when the Railroad Retirement Act was amended in 1946 very careful consideration was given to the problem the gentleman presents here today. I think we all recognize that the gentleman does have a problem with which we are entirely sympathetic. May I say that a resolution was adopted by the Senate yesterday in which we hope to concur. It is a joint resolution providing for a joint study in order to further work out a program that we hope everyone will be satisfied with. Would it not be better to wait until that time and see if this problem cannot be ironed out with those other problems?

Mr. KERSTEN of Wisconsin. I certainly think it should be taken care of at some time in the very near future, because the widows of these employees are more in need than any other category for which the law was enacted. In response to the gentleman from Oklahoma [Mr. HARRIS] I am happy to know that he is, as he states, entirely sympathetic with the problem of the widows of employees of 30 years or more of service, who are now without any benefits whatsoever from a system that was built up largely by the sweat and toil of their deceased husbands.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. KERSTEN] to the Harris substitute.

The amendment to the substitute was rejected.

Mr. CHENOWETH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CHENOWETH to the substitute amendment offered by Mr. HARRIS of Arkansas: Strike all of subsection D, and insert the following:

"(d) All joint and survivor annuities heretofore and hereafter awarded shall be governed by the law under which the election of the joint and survivor annuity was made, except that the individual who made the election shall have the right to revoke the same in such manner and form as the Board may prescribe.

"An election shall be deemed to have been revoked if before or after the enactment hereof the spouse for whom the election was made predeceased the individual who made the election. Upon revocation of the election, or death of the spouse, as herein provided, the individual's annuity shall be increased to the amount which would have been payable had no election been made; such increased annuity shall, subject to the provisions of section 2 (c) of the Railroad Retirement Act of 1937, as amended, begin to accrue on the first of the calendar month following the calendar month in which the election was revoked or the spouse died but not before the calendar month next following the month of enactment hereof."

The CHAIRMAN. The gentleman from Colorado [Mr. CHENOWETH] is recognized in support of his amendment.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. CHENOWETH. I yield.

Mr. HARRIS. Mr. Chairman, this is an amendment which was considered by the committee. There are few people involved. There is an admitted inequity. Because of the action of the committee, and the feeling at that time, and because we are familiar with what the gentleman's amendment will do, we are prepared to accept the amendment offered by the gentleman.

Mr. CHENOWETH. I thank the gentleman.

Mr. Chairman, in view of the statement made by my distinguished colleague from Arkansas in support of this amendment I will not take the time of the House to explain the same in detail. I greatly appreciate the action of the gentleman from Arkansas in accepting my amendment to his substitute bill.

Mr. Chairman, my amendment deals with joint and survivor annuities, and removes an injustice that is now being done to those retired railroad workers who, prior to the enactment of the Crosser bill in 1946, had elected to take a smaller pension in order to be sure that their widows would receive a pension on their death. I might state that both the Crosser bill, which has been discussed here this afternoon, and the Harris substitute, contain a part of the amendment I am offering. My amendment goes a little further and includes a small group of retired railroad employees who would otherwise continue to be the subject of discrimination.

In this amendment it is provided that the election by the pensioner to take a joint and survivor annuity shall be revoked, first, if the pensioner shall so notify the Railroad Retirement Board; and second, if the spouse for whom the election was made shall die before her husband. Under the present law there can be no relief in cases where the wife dies. The retired worker continues to draw the smaller annuity, even though it will never be possible to enjoy the benefits anticipated when the election was made.

Mr. Chairman, there were three types of these joint and survivor annuities, known as A, B, and C. Under the A annuity the pensioner receives $32 per month less than he is entitled to under the present law. The class B annuity provides for a deduction of $27 per month, and under the class C annuity the pensioner takes $22 per month less than the full amount of his retirement. As stated above, before 1946 many retired workers elected to take these reduced pensions in order that their wives might have certain benefits on their death. Over the years a pensioner would have his pension reduced by several thousand dollars. This became unnecessary after the enactment of the Crosser bill in 1946.

By the adoption of this amendment it will now be possible for retired railroad workers to revoke their annuity contracts and be eligible immediately to receive the full amount of their pension. We are now seeking to repay them for the money they have already lost as a result of their election to take the annuity, and consequently the reduced pension. However, we now provide a way for these men to get their full pension for the remainder of their lives. In many of these cases the wives have already passed on. In other instances the wives are still living, and this additional money each month is needed in order to meet current expenses.

I should also explain that after the passage of the Crosser bill in 1946, which for the first time provided for benefits for widows of deceased pensioners, the period of 1 year was given in which to cancel these annuities. Several thousand retired railroad workers did elect to revoke their annuity contracts then. However, through poor advice, others retained their annuities. They now see their mistake and I am most happy that we are today giving them another opportunity to make this election. In cases where the wives have died, the restoration of the full pension is automatic. Where the wife is still living, the pensioner must elect in the manner and form as the Board may prescribe.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. CHENOWETH] to the Harris substitute.

The amendment to the substitute was agreed to.

The CHAIRMAN. The question is on the Harris substitute.

The substitute amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended by the Harris substitute.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DAVIS of Tennessee, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3669) to amend the Railroad Retirement Act and the Railroad Retirement Tax Act, and for other purposes, pursuant to House Resolution 428, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks with reference to the Railroad Retirement Act amendments just passed.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CONVEYING CERTAIN LANDS TO MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Mr. BEALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 752) authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Agriculture be, and he is hereby, authorized and directed to convey by a quitclaim deed to the Maryland-National Capital Park and Planning Commission, a public agency created by the General Assembly of Maryland, all of the remaining portion of the former animal disease station near Bethesda, Md., consisting of approximately 32 acres, to be used exclusively for public park, parkway, or playground purposes and on the express condition that if the said Maryland-National Capital Park and Planning Commission fails to use the lands for the purposes herein provided, or at any time discontinues the use of such lands for the purposes herein provided, or attempts to alienate such lands, title thereto shall revert to and become vested in the United States of America.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 2150) was laid on the table.

TRANSFERRING CERTAIN PROPERTY IN ST. LOUIS, MO., TO THE DEPARTMENT OF THE ARMY

Mr. DAWSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 466) to authorize and direct the Administrator of General Services to transfer to the Department of the Army certain property in St. Louis, Mo.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman explain this bill?

Mr. DAWSON. This bill simply transfers to the Navy certain property in St. Louis for the use of the armed services.

Mr. MARTIN of Massachusetts. Who owns the property now?

Mr. DAWSON. It is owned by the GSA, General Services Administration. It is transferred from one department to another, without compensation.

The SPEAKER. Is there objection?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of General Services is authorized and directed to transfer, without reimbursement, to the Department of the Army those buildings formerly known as the War Assets Administration Sales Buildings, located at 8900 South Broadway, St. Louis, Mo., together with the land and facilities in connection there-

with, and now under the control and jurisdiction of the General Services Administration.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REPEALING CERTAIN LAWS RELATING TO GOVERNMENT RECORDS

Mr. DAWSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1967) to amend or repeal certain laws relating to Government records, and for other purposes.

The Clerk read the title of the bill.

The SPEAKFR. Is there objection to the request of the gentleman from Illinois?

Mr. MARTIN of Massachusetts. Reserving the right to object, what does this bill do?

Mr. DAWSON. This repeals certain obsolete laws that are noncontroversial. Each of the departments was notified. This bill came up on the Consent Calendar and because it had not been on for three legislative days, it was not heard at that time.

Mr. MARTIN of Massachusetts. It is a unanimous report from your committee?

Mr. DAWSON. It is.

The SPEAKER. Is there objection?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the following acts and parts of acts are hereby repealed:

(1) The sixth paragraph on page 642 of volume 31 of the Statutes at Large, in the Act of June 6, 1900 (2 U. S. C. 147).

(2) Section 4 of the act of July 19, 1919 (41 Stat. 233; 5 U. S. C. 111).

(3) The second full paragraph on page 412 of volume 21 of the Statutes at Large, in the act of March 3, 1881 (5 U. S. C. 112).

(4) The second sentence of the first full paragraph on page 228 of volume 22 of the Statutes at Large, in the act of August 5, 1882 (5 U. S. S. 112).

(5) The act of February 16, 1889 (25 Stat. 672; 5 U. S. C. 112).

(6) The fourth full paragraph on page 933 of volume 28 of the Statutes at Large, in the act of March 2, 1895 (5 U. S. C. 112).

(7) The act of July 27, 1892, chapter 267 (27 Stat. 275; 5 U. S. C. 193).

(8) The last paragraph commencing on page 403 and ending on page 404 of volume 28 of the Statutes at Large, in the act of August 18, 1894 (5 U. S. C. 193).

(9) The act of March 2, 1913 (37 Stat. 723; 5 U. S. C. 193).

(10) The act of April 28, 1904, No. 35 (33 Stat. 591; 5 U. S. C. 194).

(11) The last sentence in the paragraph commencing on page 970 and ending on page 971 of volume 25 of the Statutes at Large, in the act of March 2, 1889 (5 U. S. C. 194a).

(12) The last sentence in the sixth full paragraph on page 403 of volume 33 of the Statutes at Large, in the act of April 27, 1904 (5 U. S. C. 414).

(13) The second paragraph on page 579 of volume 34 of the Statutes at Large, in the act of June 29, 1906 (5 U. S. C. 414).

(14) The fifth full paragraph on page 1281 of volume 34 of the Statutes at Large, in the act of March 4, 1907 (5 U. S. C. 544).

(15) The third paragraph on page 204 of volume 31 of the Statutes at Large, in the act of May 25, 1900 (15 U. S. C. 321).

(16) The act of August 13, 1946, chapter 961 (60 Stat. 1057; 30 U. S. C. 12).

(17) Section 1 of the act of June 22, 1926, chapter 650 (44 Stat. 761; 31 U. S. C. 121).

(18) The last paragraph commencing on page 329 and ending on page 330 of volume 37 of the Statutes at Large, in the act of August 22, 1912 (34 U. S. C. 547).

(19) The proviso in the last paragraph commencing on page 929 and ending on page 930 of volume 38 of the Statutes at Large, in the act of March 3, 1915 (34 U. S. C. 548).

(20) Section 8 of the act of August 4, 1854 (10 Stat. 572; 35 U. S. C. 17).

(21) The act of February 13, 1925, chapter 230 (43 Stat. 942; 35 U. S. C. 18).

(22) Section 6 of the act of April 11, 1930 (46 Stat. 156; 35 U. S. C. 23).

(23) The matter appearing before the proviso in the last paragraph commencing on page 415 and ending on page 416 of volume 35 of the Statutes at Large, in the act of May 27, 1908 (39 U. S. C. 739).

(24) Section 58 of the act of June 8, 1872 (R. S. 4060; 17 Stat. 292; 39 U. S. C. 792).

(25) The act of May 28, 1926, chapter 415 (44 Stat. 672; 43 U. S. C. 25, 25a, 25b).

(26) The first proviso in the second paragraph on page 112 of volume 55 of the Statutes at Large, in the act of April 5, 1941;

(27) The proviso in the fifth full paragraph on page 411 of volume 56 of the Statutes at Large, in the act of June 27, 1942 (44 U. S. C. 364).

(28) The first full paragraph on page 1000 of volume 56 of the Statutes at Large, in the act of October 26, 1942 (44 U. S. C. 365).

SEC. 2. The following acts and parts of acts are amended by addition of the words "until no longer needed in conducting current business", as shown below:

(1) After "advocate" in line 8 of section 217 of the act of June 25, 1948, on page 632 of volume 62 of the Statutes at Large (10 U. S. C. 1507).

(2) After "remain" in line 4 of section 42c as set forth in the act of June 22, 1938, on page 860 of volume 52 of the Statutes at Large (11 U. S. C. 70c).

(3) After "offices" in line 3 of section 71 as set forth in the act of June 2[illegible], 1938, on page 882 of volume 52 of the Statutes at Large (11 U. S. C. 111).

(4) After "institution" in line 4 of section 7 of the act of August 10, 1846, on page 105 of volume 9 of the Statutes at Large (20 U. S. C. 46).

SEC. 3. The following acts and parts of acts are amended, as shown below:

(1) By amending the third paragraph appearing on page 208 of volume 28 of the Statutes at Large in section 8 of the act of July 31, 1894, as amended (31 U. S. C. 74), to read as follows:

"The General Accounting Office shall preserve all accounts which have been finally adjusted, together with all vouchers, certificates, and related papers, until disposed of as provided by law."

(2) Section 248 of the act of June 8, 1872 (17 Stat. 313), as amended by section 2 of the act of June 13, 1898 (30 Stat. 444; 39 U. S. C. 428), is revised to read as follows:

"The Postmaster General shall have recorded, in a book to be kept for that purpose, a true and faithful abstract of all proposals made to him for carrying the mail, giving the name of the party offering, the terms of the offer, the sum to be paid, and the time the contract is to continue; and he shall put on file and preserve the originals of all such proposals until disposed of as provided by law. The reports of the arrivals and departures of the mails on mail routes made and sent by postmasters to the Second Assistant Postmaster General, on which no fines or deductions from the pay of contractors for carrying the mails have been based, and the certificates of oaths taken by carriers on mail routes may be disposed of as provided by law when no longer needed in conducting current business."

(3) By inserting "until disposed of as provided by law" after "office" in line 11 of section 1 of the act of May 18, 1858, chapter 39, as amended, on page 289 of volume 11 of the Statutes at Large (43 U. S. C. 59).

(4) By deleting "permanently" from the final sentence of section 505 (a) of the act of June 29, 1936, as amended, on page 1998 of volume 49 of the Statutes at Large (46 U. S. C. 1155), and by adding "until disposed of as provided by law" between "file" and the period at the end of said sentence.

SEC. 4. The following acts and parts of acts are amended, as shown below:

(1) By changing to a colon the period at the end of the twelfth paragraph on page 858 of volume 35 of the Statutes at Large, in the act of March 4, 1909, and inserting thereafter *"Provided,* That no records of the Federal Government shall be transferred, disposed of, or destroyed under the authority granted in this paragraph." (2 U. S. C. 149.)

(2) By changing to a colon the period at the end of section 9 of the act of April 25, 1914, on page 350 of volume 38 of the Statutes at Large, and inserting thereafter *"Provided,* That nothing in this section shall preclude the disposition of such records as provided by law when they are no longer needed in conducting the current business of the Department." (5 U. S. C. 196.)

(3) By changing the period at the end of the first full paragraph on page 788 of volume 28 of the Statutes at Large, in the act of March 2, 1895 (5 U. S. C. 197), to a colon and inserting thereafter *"Provided,* That the disposition of any records required in furnishing such transcripts shall, after they are otherwise not needed in conducting current business, be made as provided by law."

(4) By deleting all after "kept" in line 7 of section 482 (e) of the act of June 17, 1930, on page 721 of volume 46 of the Statutes at Large (19 U. S. C. 1482 (e)) and by substituting therefor "until no longer needed in conducting the current business of the consular office, at which time it may be disposed of as provided by law."

(5) By deleting all after the enacting clause of the act of March 27, 1934, chapter 93 (48 Stat. 501; 25 U. S. C. 199a), and by substituting therefor "That title to records of Indian tribes heretofore placed with the Oklahoma Historical Society of the State of Oklahoma by the Secretary of the Interior shall remain vested in the United States and such records shall be held by the said society under rules and regulations prescribed by the Administrator of General Services: *Provided,* That copies of any such records, documents, books, or papers held by the said society when certified by the secretary or chief clerk thereof under its seal, or by the officer or person acting as secretary or chief clerk, shall be evidence equally with the original, and in making such certified copies the said secretary or acting secretary and the said chief clerk or acting chief clerk shall be acting as a Federal agent, and such certified copies shall have the same force and effect as if made by the Administrator of General Services as provided in section 509 (b) of the Federal Records Act of 1950 (64 Stat. 583): *Provided further,* That whenever such certified copies are desired for official use by the Federal Government they shall be furnished without cost: *Provided further,* That any such records held by the said society shall be promptly returned to the Government official designated by the Administrator of General Services upon his request therefor."

(6) By deleting "it deems advisable" in the last line of section 1120 on page 162 of volume 53 of the Statutes at Large, in the act of February 10, 1939 (26 U. S. C. 1120), and substituting therefor "is provided by law."

(7) By inserting "until deposited with the National Archives of the United States" after

"kept" in the first sentence of section 6 of the act of June 25, 1948, on page 870 of volume 62 of the Statutes at Large (28 U. S. C. 6).

(8) By inserting a comma, followed by "subject to the provisions of the act entitled 'An act to provide for the disposal of certain records of the United States Government,' approved July 7, 1943 (57 Stat. 380), as amended," after "authorized" in line 3 of the act of May 11, 1906, on page 186 of volume 34 of the Statutes at Large (39 U. S. C. 8).

(9) By inserting a comma, followed by "until disposed of as provided by law," after "and" in line 7 of section 71 of the act of June 8, 1872, on page 293 of volume 17 of the Statutes at Large (39 U. S. C. 41).

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TO REPEAL CERTAIN GOVERNMENT PROPERTY LAWS

Mr. DAWSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1952) to amend or repeal certain Government property laws, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. MARTIN of Massachusetts. Reserving the right to object, does this bill repeal laws?

Mr. DAWSON. Yes, but it is noncontroversial. All departments involved were notified.

The SPEAKER. Is there objection?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the following acts and parts of acts are hereby repealed:

(1) The sixth paragraph on page 865 of volume 32 of the Statutes at Large, in the act of February 25, 1903 (2 U. S. C. 148).

(2) The first full paragraph on page 1404 of volume 36 of the Statutes at Large, in the act of March 4, 1911 (3 U. S. C. 47).

(3) Section 197 of the Revised Statutes, as amended (5 U. S. C. 109).

(4) Section 226 of the Revised Statutes (5 U. S. C. 201).

(5) The act of June 7, 1924, as amended (43 Stat. 597; 5 U. S. C. 203–207).

(6) The act of May 29, 1928, as amended (45 Stat. 985, ch. 900; 5 U. S. C. 219).

(7) Section 8 of the act of July 24, 1946 (60 Stat. 643; 5 U. S. C. 229).

(8) The last paragraph commencing on page 817 and ending on page 818 of volume 25 of the Statutes at Large, in the act of March 2, 1889 (5 U. S. C. 454), and said paragraph shall be inapplicable to the Bureau of Supplies and Accounts, notwithstanding the second sentence of the second full paragraph on page 245 of volume 27 of the Statutes at Large, in the act of July 19, 1892.

(9) The third full paragraph on page 270 of volume 41 of the Statutes at Large in the act of July 24, 1919 (5 U. S. C. 550).

(10) So much of the first full paragraph on page 614 of volume 47 of the Statutes at Large, in the act of July 7, 1932 (7 U. S. C. 386g), as reads: "to transfer to any Government department or establishment or to local authorities or institutions such property and/or equipment or to sell the same at public or private sale and."

(11) The sixth paragraph on page 274 of volume 37 of the Statutes at Large, in the act of August 10, 1912 (7 U. S. C. 392).

(12) The matter appearing after the semicolon in the second full paragraph on page 143 of volume 59 of the Statutes at Large, in the act of May 5, 1945 (7 U. S. C. 419).

(13) The first full paragraph on page 748 of volume 55 of the Statutes at Large, in the act of October 28, 1941 (10 U. S. C. 576a).

(14) The last proviso on page 1347 of volume 40 of the Statutes at Large, in the act of March 4, 1919 (10 U. S. C. 1122).

(15) Section 3714 of the Revised Statutes, as amended (10 U. S. C. 1191, 34 U. S. C. 560).

(16) The last paragraph commencing on page 737 and ending on page 738 of volume 42 of the Statutes at Large, in the act of June 30, 1922 (10 U. S. C. 1225).

(17) The first paragraph of chapter IV of the act of July 11, 1919 (41 Stat. 130; 10 U. S. C. 1251).

(18) Section 8 of the act of June 5, 1920 (41 Stat. 1015; 10 U. S. C. 1257, 1311).

(19) Section 1241 of the Revised Statutes (10 U. S. C. 1261).

(20) The first and second paragraphs of chapter II of the act of July 11, 1919 (41 Stat. 129–130; 10 U. S. C. 1263–1264).

(21) The last proviso on page 105 of volume 41 of the Statutes at Large, in the act of July 11, 1919 (10 U. S. C. 1265).

(22) The act of April 17, 1920 (41 Stat. 554; 10 U. S. C. 1266).

(23) Section 5 of the act of July 19, 1919 (41 Stat. 233; 10 U. S. C. 1267).

(24) The last paragraph on page 132 of volume 41 of the Statutes at Large, in the act of July 11, 1919, as amended (10 U. S. C., Supp. 1274).

(25) The eighth paragraph on page 1028 of volume 40 of the Statutes at Large, in the act of November 4, 1918 (10 U. S. C. 1286).

(26) The act of May 5, 1920 (41 Stat. 588; 10 U. S. C. 1349).

(27) The proviso in the act of February 20, 1931 (46 Stat. 1191, ch. 235; 10 U. S. C. 1354).

(28) So much of the matter following the heading "Transportation of the Army and Its Supplies" in the act of March 2, 1905 (33 Stat. 837; 10 U. S. C. 1372), as reads: ", and hereafter no steamship in the transport service of the United States shall be sold or disposed of without the consent of Congress having been first had or obtained."

(29) The act of March 12, 1926, as amended (44 Stat. 203; 10 U. S. C. 1594, 1595–1597, 1598–1605).

(30) The second and third provisos on page 585 of volume 58 of the Statutes at Large, in the Act of June 28, 1944 (10 U. S. C. 1594b).

(31) Section 3 of the Act of February 25, 1927 (44 Stat. 1236; 10 U. S. C. 1597a).

(32) Section 92 (e) of section 1 of the Act of August 4, 1949 (63 Stat. 503; 14 U. S. C., Supp., 92 (e)).

(33) Section 93 (k) of section 1 of the Act of August 4, 1949 (63 Stat. 504; 14 U. S. C., Supp., 93 (k)).

(34) So much of the fourth paragraph on page 1258 of volume 34 of the Statutes at Large, in the Act of March 4, 1907 (15 U. S. C. 320), as reads: "and hereafter the Secretary of Agriculture is authorized to sell any surplus maps or publications of the Weather Bureau, and the money received from such sales shall be deposited in the Treasury of the United States, section two hundred and twenty-seven of the Revised Statutes notwithstanding;".

(35) The fifth paragraph on page 1215 of volume 42 of the Statutes at Large, in the Act of January 24, 1923 (16 U. S. C. 7).

(36) Section 519 of the Revised Statutes (20 U. S. C. 5).

(37) The provisos in the fifth paragraph on page 397 of volume 20 of the Statutes at Large, in the Act of March 3, 1879 (20 U. S. C. 61).

(38) The first paragraph on page 661 of volume 38 of the Statutes at Large, in the Act of August 1, 1914 (20 U. S. C. 62)

(39) The fourth paragraph on page 930 of volume 41 of the Statutes at Large, in the Act of June 5, 1920 (20 U. S. C. 63, 33 U. S. C. 867).

(40) The second sentence of the third paragraph on page 629 of volume 22 of the Statutes at Large, in the Act of March 3, 1883 (20 U. S. C. 64).

(41) The Act of November 19, 1919 (41 Stat. 360, ch. 118; 20 U. S. C. 93).

(42) The Act of May 26, 1928 (45 Stat. 753, ch. 760; 20 U. S. C. 94).

(43) The fifth proviso on page 452 of volume 60 of the Statutes at Large, in the Act of July 5, 1946 (22 U. S. C. 1140).

(44) Section 3 of the Act of February 12, 1925 (43 Stat. 890; 23 U. S. C. 49).

(45) The Act of March 15, 1920 (41 Stat. 530; 23 U. S. C. 51–53, 39 U. S. C. 502–503).

(46) The seventh full paragraph on page 373 of volume 40 of the Statutes at Large, in the Act of October 6, 1917 (24 U. S. C. 178).

(47) The Act of June 20, 1939 (53 Stat. 843, ch. 220; 24 U. S. C. 298).

(48) The proviso under the heading "Transportation" on page 291 of volume 19 of the Statutes at Large, in the Act of March 3, 1877, and the fifth full paragraph on page 676 of volume 30 of the Statutes at Large, in the Act of July 17, 1898 (25 U. S. C. 100).

(49) Section 2122 of the Revised Statutes (25 U. S. C. 188).

(50) Section 2123 of the Revised Statutes (25 U. S. C. 189).

(51) Section 6 of the Act of July 1, 1898, as amended (30 Stat. 596; 25 U. S. C. 191).

(52) Section 3796 of the Internal Revenue Code of February 10, 1939 (53 Stat. 469; 26 U. S. C. 3796).

(53) Section 3945 of the Internal Revenue Code of February 10, 1939 (53 Stat. 482; 26 U. S. C. 3945).

(54) Section 5 of the Act of June 5, 1920 (41 Stat. 987; 29 U. S. C. 16).

(55) The matter appearing after the last semicolon in the fifth paragraph on page 807 of volume 26 of the Statutes at Large, in the Act of March 2, 1891 (31 U. S. C. 641).

(56) Section 7 of the Act of August 30, 1935 (49 Stat. 1048; 33 U. S. C. 558a).

(57) The second sentence of section 3 of the Act of August 11, 1888 (25 Stat. 423; 33 U. S. C. 623).

(58) Section 2 of the Act of September 19, 1890 (26 Stat. 452), and the first sentence of section 8 of the Act of July 25, 1912 (37 Stat. 233; 33 U. S. C. 625).

(59) Section 6 of the Act of December 22, 1944 (58 Stat. 890; 33 U. S. C. 708).

(60) The last proviso in the third paragraph on page 688 of volume 40 of the Statutes at Large, in the Act of July 1, 1918 (33 U. S. C. 868).

(61) The second full paragraph on page 605 of volume 39 of the Statutes at Large, in the Act of August 29, 1916 (34 U. S. C. 493).

(62) Section 7 of the Act of July 19, 1940 (54 Stat. 780; 34 U. S. C. 493a).

(63) The first full paragraph on page 818 of volume 25 of the Statutes at Large, in the Act of March 2, 1889 (34 U. S. C. 525).

(64) The Act of June 6 1941 (55 Stat. 247, ch. 177; 34 U. S. C. 532a).

(65) The eleventh full paragraph on page 194 of volume 26 of the Statutes at Large, in the Act of June 30, 1890 (34 U. S. C. 543).

(66) The third through the sixth sentences of section 2 of the act of August 5, 1882, as amended (22 Stat. 296; 34 U. S. C. 544).

(67) The act of February 14, 1927 (44 Stat. 1096, ch. 133; 34 U. S. C. 546a).

(68) The act of July 3, 1926 (44 Stat. 836; 34 U. S. C. 551a).

(69) The act of August 7, 1946 (60 Stat. 884, ch. 785; 34 U. S. C. 1123f).

(70) Section 202 (11) of the act of June 7, 1924 (43 Stat. 621; 38 U. S. C. 485).

(71) The third paragraph under the heading "Office of the Second Assistant Postmas-

ter General" in the act of June 5, 1920 (41 Stat. 1031; 39 U. S. C. 468).

(72) Section 8 of the act of July 2, 1918 (40 Stat. 753), and section 3 of the act of April 24, 1920 (41 Stat. 583; 39 U. S. C. 504).

(73) The act of July 19, 1932 (47 Stat. 705, ch. 510; 40 U. S. C. 5a).

(74) The sixth paragraph in the act of July 8, 1918 (40 Stat. 831; 40 U. S. C. 7).

(75) The matter appearing after the semicolon in section 1798 of the Revised Statutes (40 U. S. C. 8).

(76) The second sentence under the heading "State, War, and Navy Department Building" in the act of March 3, 1883 (22 Stat. 553; 40 U. S. C. 9).

(77) So much of the sixth paragraph on page 218 of volume 35 of the Statutes at Large, in the act of May 22, 1908, as reads: ", and the State Department Annex building"; the fourth paragraph under the heading "State, War, and Navy Department Buildings" in the act of March 28, 1918 (40 Stat. 482); and the last paragraph commencing on page 598 and ending on page 599 of volume 40 of the Statutes at Large, in the act of June 4, 1918 (40 U. S. C. 10).

(78) The third paragraph under the heading "Temporary Office Buildings" in the act of March 28, 1918 (40 Stat. 483), and the tenth paragraph on page 598 of volume 40 of the Statutes at Large, in the act of June 4, 1918 (40 U. S. C. 11).

(79) The first paragraph under the heading "Custody of Interior Department Building" in the act of May 24, 1922 (42 Stat. 554; 40 U. S. C. 12, 21).

(80) The third, sixth, and last paragraphs on page 1239 and the third and fifth paragraphs on page 1240 of volume 42 of the Statutes at Large, in the act of February 13, 1923 (40 U. S. C. 13, 14, 15, 17, 18).

(81) The seventh paragraph on page 66 of volume 43 of the Statutes at Large, in the act of April 4, 1924 (40 U. S. C. 16).

(82) The paragraph entitled "First" in section 1812 of the Revised Statutes (40 U. S. C. 20).

(83) The final proviso commencing on page 608 and ending on page 609 of volume 50 of the Statutes at Large, in the act of August 9, 1937 (40 U. S. C. 27a).

(84) The proviso in the third full paragraph on page 659 of volume 34 of the Statutes at Large, in the act of June 30, 1906 (40 U. S. C. 44).

(85) The last paragraph commencing on page 672 and ending on page 673, and the last proviso in the second full paragraph on page 673, of volume 40 of the Statutes at Large, in the act of July 1, 1918 (40 U. S. C. 110, 116).

(86) The third full paragraph on page 148 of volume 41 of the Statutes at Large, in the act of July 11, 1919 (40 U. S. C. 111).

(87) The first full paragraph on page 200 of volume 41 of the Statutes at Large, in the act of July 19, 1919 (40 U. S. C. 112).

(88) The fourth full paragraph, excluding the last two provisos, on page 1211, and the last paragraph commencing on page 1211 and ending on page 1212, of volume 42 of the Statutes at Large, in the act of January 24, 1923 (40 U. S. C. 114, 117).

(89) The first full paragraph on page 913 of volume 41 of the Statutes at Large, in the act of June 5, 1920 (40 U. S. C. 119).

(90) The matter appearing after the semicolon in the third full paragraph on page 1091 of volume 32 of the Statutes at Large, in the act of March 3, 1903 (40 U. S. C. 266).

(91) Section 21 of the act of June 6, 1902 (32 Stat. 326; 40 U. S. C. 263).

(92) The first full paragraph on page 512 of volume 24 of the Statutes at Large, in the act of March 3, 1887 (40 U. S. C. 273).

(93) The last paragraph commencing on page 592 and ending on page 593 of volume 31 of the Statutes at Large, in the act of June 6, 1900 (40 U. S. C. 287).

(94) Section 5 of the act of June 14, 1946 (60 Stat. 258; 40 U. S. C. 294).

(95) Section 3749 of the Revised Statutes (40 U. S. C. 302).

(96) The tenth full paragraph on page 383 of volume 20 of the Statutes at Large, in the act of March 3, 1879 (40 U. S. C. 303a).

(97) The last proviso on page 1030 of volume 45 of the Statutes at Large, in the act of December 20, 1928 (40 U. S. C. 312).

(98) Section 1 of the act of October 10, 1940 (54 Stat. 1109; 41 U. S. C. 6).

(99) The third paragraph on page 281, the fourth full paragraph on page 289, the last proviso on page 292, and the last proviso in the fourth full paragraph on page 302, of volume 55 of the Statutes at Large, in the act of June 28, 1941 (41 U. S. C. 6).

(100) The proviso in the first paragraph on page 347 of volume 56 of the Statutes at Large, in the act of June 8, 1942 (41 U. S. C. 6).

(101) The last proviso on page 483, the fourth full paragraph on page 500, and the proviso in the first full paragraph on page 505, of volume 56 of the Statutes at Large, in the act of July 2, 1942 (41 U. S. C. 6).

(102) The proviso in the eighth paragraph on page 236 and the proviso in the fourth full paragraph on page 243 of volume 57 of the Statutes at Large, in the act of June 28, 1943 (41 U. S. C. 6).

(103) The proviso in the seventh paragraph on page 351 and the proviso in the second paragraph on page 358 of volume 58 of the Statutes at Large, in the act of June 26, 1944 (41 U. S. C. 6).

(104) The proviso in the first full paragraph on page 256 of volume 59 of the Statutes at Large, in the act of June 13, 1945 (41 U. S. C. 6).

(105) The first proviso on page 405 of volume 60 of the Statutes at Large, in the act of July 1, 1946 (41 U. S. C. 6).

(106) The proviso in the fourth full paragraph on page 144 of volume 40 of the Statutes at Large, in the act of June 12, 1917 (41 U. S. C. 6a).

(107) Section 2, paragraphs (b)-(e), (g), (i), (k)-(n), of the act of October 10, 1940 (54 Stat. 1110; 41 U. S. C. 6a).

(108) The proviso on page 344 of volume 55 of the Statutes at Large, in the act of June 28, 1941 (41 U. S. C. 6a).

(109) Section 7 of the act of June 5, 1920 (41 Stat. 947; 41 U. S. C. 27).

(110) Section 2 (b) of the act of July 1, 1944 (58 Stat. 649; 41 U. S. C. 102 (b)).

(111) Section 18 (b) of the act of July 1, 1944 (58 Stat. 666; 41 U. S. C. 118 (b)).

(112) Section 6 (b) of the act of September 1, 1937 (50 Stat. 890; 41 U. S. C. 1406 (b)).

(113) Section 2 of the act of August 8, 1946 (60 Stat. 958; 42 U. S. C. 1574).

(114) Section 1, 2, and 3 of the act of July 5, 1884 (23 Stat. 103; 43 U. S. C. 1071–1073).

(115) Section 95 of the act of January 12, 1895 (28 Stat. 623; 44 U. S. C. 93).

(116) The proviso in the fourth full paragraph on page 259 of volume 26 of the Statutes at Large, in the act of July 11, 1890 (44 U. S. C. 283a).

(117) Section 10 of the act of July 9, 1941 (55 Stat. 582; 44 U. S. C. 300 jj).

(118) Section 12 of the act of July 7, 1943, as amended (57 Stat. 382; 44 U. S. C. 377).

(119) The matter appearing after the semicolon in the first full paragraph on page 1338 of volume 34 of the Statutes at Large, in the act of March 4, 1907 (48 U. S. C. 39).

(120) The proviso in the second full paragraph on page 584 of volume 42 of the Statutes at Large, in the act of May 24, 1922 (48 U. S. C. 39).

(121) The proviso in the fourth full paragraph on page 1205 of volume 42 of the Statutes at Large, in the act of January 24, 1923 (48 U. S. C. 39).

(122) The proviso in the second full paragraph on page 427 of volume 43 of the Statutes at Large, in the act of June 5, 1924 (48 U. S. C. 39).

(123) The proviso in the first full paragraph on page 1181 of volume 43 of the Statutes at Large, in the act of March 3, 1925 (48 U. S. C. 39).

(124) The proviso in the second full paragraph on page 492 of volume 44 of the Statutes at Large, in the act of May 10, 1926 (48 U. S. C. 39).

(125) The last proviso on page 968 of volume 44 of the Statutes at Large, in the act of January 12, 1927 (48 U. S. C. 39).

(126) Section 2 of the act of February 25, 1925 (43 Stat. 978; 48 U. S. C. 174).

(127) The act of March 27, 1928 (45 Stat. 371, ch. 251; 48 U. S. C. 472, 472a).

(128) Section 4 (f) of the act of June 22, 1936, as amended (49 Stat. 1808; 48 U. S. C. 1405c (f)).

(129) The act of June 16, 1948 (62 Stat. 458 ch. 478; 50 U. S. C. App., Supp., 1622 note).

(130) Section 208 of the act of July 18, 1939 (53 Stat. 1065).

(131) Section 5 of the act of June 28, 1944 (58 Stat. 531; D. C. Code, Supp., 1–241).

(132) Section 4 of the act of December 20, 1944 (58 Stat. 822; D. C. Code, Supp., 1–247).

SEC. 2. The following acts and part of acts are amended by addition of the words "subject to applicable regulations under the Federal Property and Administrative Services Act of 1949, as amended", as shown below:

(1) After "Columbia," in line 4 of the seventh paragraph on page 865 of volume 32 of the Statutes at Large in the act of February 25, 1903 (U. S. C. 110).

(2) After "That" in line 7 of the act of February 27, 1948 (62 Stat. 37; 5 U. S. C., Supp., 150p).

(3) After "That" in line 2 of the act of July 16, 1946 (60 Stat. 535; 5 U. S. C. 207a).

(4) After "That" in line 2 of the act of April 10, 1878 (20 Stat. 36; 5 U. S. C. 218).

(5) After "(a)" in line 9 of the act of May 26, 1948 (62 Stat. 274; 5 U. S. C., Supp., 626 1 (a)).

(6) After "That" in line 2 of the act of June 1, 1926 (44 Stat. 680; 10 U. S. C. 1209).

(7) After "That" in line 2 of the act of May 15, 1937 (50 Stat. 167, ch. 193; 10 U. S. C. 1259).

(8) After "That" in line 15 on page 949 of volume 41 of the Statutes at Large, in the act of June 5, 1920 (10 U. S. C. 1262).

(9) After "and" in section 92 (d) of section 1 of the act of August 4, 1949 (63 Stat. 503; 14 U. S. C., Supp., 92 (d)); and there is deleted therefrom all after "them".

(10) After "vehicles, and" in section 93 (h) of section 1 of the act of August 4, 1949 (63 Stat. 504; 14 U. S. C., Supp., 93 (h)); and there is deleted therefrom all after "them".

(11) After "Commandant" in section 641 (a) of section 1 of the act of August 4, 1949 (63 Stat. 547; 14 U. S. C., Supp., 641 (a)); and there is deleted therefrom "regularly organized flotilla or other organized" and "incorporated" is substituted therefor.

(12) After "Service" in section 302 (b) of the act of September 21, 1944 (58 Stat. 738; 16 U. S. C. 590q–1).

(13) After "That" in line 15 of section 401 of the act of June 15, 1935 (49 Stat. 383; 16 U. S. C. 715s); and there is also added after "That" in line 24 thereof "except as otherwise provided by section 204 of the Federal Property and Administrative Services Act of 1949".

(14) After "purpose" in the last line of section 1 of the act of June 23, 1930 (46 Stat. 798; 16 U. S. C. 793).

(15) After "needed" in line 8 of the act of August 27, 1935 (49 Stat. 906; 22 U. S. C. 277e).

(16) After "That" in line 2 of the act of April 12, 1924 (43 Stat. 93, ch. 93; 25 U. S. C. 190); and there is deleted all after the semicolon in the last paragraph thereof.

(17) After "That" in line 1 of the fourth paragraph on page 973 of volume 39 of the Statutes at Large, in the act of March 2, 1917 (25 U. S. C. 293); there is deleted "net" from line 7 of said paragraph; and there is deleted "such" from line 13 of said paragraph and "the net" is substituted therefor.

(18) After "directed" in section 2 of the act of February 25, 1919 (40 Stat. 1154; 30 U. S. C. 4).

(19) After "discretion" in line 9 on page 277 of volume 39 of the Statutes at Large, in the act of July 1, 1916 (31 U. S. C. 418).

(20) After "That" in line 1 under the heading "Treasury Department" in the act of June 8, 1896 (29 Stat. 268; 31 U. S. C. 489).

(21) After "discretion" in the act of March 1, 1929 (45 Stat. 1430, ch. 429; 34 U. S. C. 546b).

(22) After "prescribe" in the act of December 23, 1932 (47 Stat. 751; 34 U. S. C. 546d).

(23) After "discretion" in section 2 of the act of August 7, 1946 (60 Stat. 897; 34 U. S. C. 546g).

(24) After "That" in line 6 of the act of June 3, 1939 (53 Stat. 808; 40 U. S. C. 311b); and there is deleted therefrom "notwithstanding the first proviso in the fourth [sic] paragraph under the heading "Division of Supply" in title I of the act entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1930, and for other purposes", approved December 20, 1928 (45 Stat. 1030),".

(25) After "authorized" in section 7 of the act of May 28, 1948 (62 Stat. 278; 48 U. S. C., Supp., 485f).

(26) After "authorized" in section 14 of the act of May 28, 1908 (35 Stat. 443; 50 U. S. C. 64).

(27) After "prescribe," in line 4 of the act of February 8, 1889 (25 Stat. 657, ch. 116; 50 U. S. C. 66).

(28) After "authorized" in section 47 of the act of March 4, 1909 (35 Stat. 1075; 50 U. S. C. 68).

SEC. 3. The following acts and parts of acts are amended by deletions, as shown below:

(1) All after "bee-breeding stock" in section 103 of the act of September 21, 1944 (58 Stat. 735; 7 U. S. C. 283).

(2) The first proviso in section 1 of the act of June 28, 1944, as amended (58 Stat. 624, ch. 306; 10 U. S. C., Supp., 1213; 34 U. S. C., Supp., 555a).

(3) All after "Coast Guard shore establishments" in section 92 (c) of section 1 of the act of August 4, 1949 (63 Stat. 503; 14 U. S. C., Supp. 92 (c)).

(4) Of "are surplus or" in section 1 of the act of March 4, 1921 (41 Stat. 1438, ch. 166; 20 U. S. C. 60).

(5) Of "net" in line 1 of section 88 of the act of June 3, 1916 (39 Stat. 205; 32 U. S. C. 45).

(6) Of "; and August 30, 1935, section 7 (49 Stat. 1048)" in section 6 of the act of August 18, 1941 (55 Stat. 650; 33 U. S. C. 701c-2).

(7) Of "to sell, lease, or exchange surplus equipment, supplies, products, or waste materials belonging to the bureau or any of its plants or institutions; and" and the last sentence in section 29 of the act of June 7, 1924 (43 Stat. 615; 38 U. S. C. 455).

(8) Of "to any purchases when the aggregate amount involved does not exceed $500, nor" in section 2 (a) of the act of October 10, 1940 (54 Stat. 1110; 41 U. S. C. 6a (a)).

(9) Of "to any purchase or service when the aggregate amount does not exceed $100, or with respect to articles, materials, or supplies for use outside the United States when the aggregate amount involved does not exceed $300; or" in section 2 (h) of the act of October 10, 1940 (54 Stat. 1110; 41 U. S. C. 6a (h)).

(10) All after the semicolon in section 12 of the act of January 12, 1895, as amended (28 Stat. 602; 44 U. S. C. 14).

(11) The seventh paragraph on page 320 of volume 39 of the Statutes at Large, in the act of July 1, 1916 (44 U. S. C. 246).

(12) Of ", and any provision of law relating to the disposal of surplus Government property" in section 2 of the act of February 6, 1941 (55 Stat. 6; 46 U. S. C. 1119b).

(13) Of "dispose by lease or sale of wells, lands, or interests therein, not valuable for helium production; to dispose of oil, gas, and byproducts of helium operations not needed for Government use; and to" in section 1 (d) of the act of March 3, 1925, as amended (43 Stat. 1110; 50 U. S. C. 161 (d)).

(14) Of "and shall submit through the Secretary of the Interior, estimates thereof" in the first proviso in the last full paragraph on page 147 of volume 19 of the Statutes at Large, in the act of August 15, 1876, and of "and shall submit through the Secretary of the Interior annually estimates thereof" in the twelfth full paragraph on page 298 of volume 19 of the Statutes at Large, in the act of March 3, 1877 (401 U. S. C. 136).

(15) Of "Extension, and the same shall be paid for by the Secretary of the Interior out of the appropriations for such extension, and from no other appropriation" in section 1816 of the Revised Statutes (40 U. S. C. 166).

(16) The ninth full paragraph on page 612 of volume 31 of the Statutes at Large, in the act of June 6, 1900 (40 U. S. C. 168a).

(17) Of "with the approval of the Secretary of the Interior" in section 11 of the act of June 26, 1912, as amended (37 Stat. 184; 40 U. S. C. 171).

(18) The fifth paragraph on page 458 of volume 38 of the Statutes at Large, in the act of July 16, 1914 (40 U. S. C. 172).

(19) Section 1832 of the Revised Statutes (40 U. S. C. 218).

(20) Section 1833 of the Revised Statutes (40 U. S. C. 219).

(21) Section 220 of the Revised Statutes (40 U. S. C. 220).

SEC. 4. The following acts and parts of acts are amended, as shown below:

(1) Section 93 (i) of section 1 of the act of August 4, 1949 (63 Stat. 504; 14 U. S. C., Supp., 93 (i)) is revised to read: "acquire, accept as gift, maintain, repair, and discontinue aids to navigation, appliances, equipment, and supplies;".

(2) By deleting all after "authorized" in line 1 through "authority" in line 11 of section 3 and by adding "but subject to section 207 of the Federal Property and Administrative Services Act of 1949" after "appropriate" in line 12 of said section, in the act of April 5, 1944 (58 Stat. 191; 30 U. S. C. 323).

(3) By inserting "or as provided in section 204 of the Federal Property and Administrative Services Act of 1949, or in other law," between "authorized by law," and "shall be deposited" in section 3618 of the Revised Statutes (31 U. S. C. 487).

(4) By deleting all after "serviceable" in line 3 of section 5 of the act of June 13, 1902 (32 Stat. 373; 33 U. S. C. 558) and by substituting therefor "and is transferred or sold, the proceeds thereof may be credited to the appropriation for the work for which it was acquired".

(5) By deleting "It" in line 1 of section 5 of the act of March 3, 1883 (22 Stat. 599; 34 U. S. C. 492) and by substituting therefor "Except as otherwise provided under the Federal Property and Administrative Services Act of 1949, as amended, it".

(6) By deleting "section 34 (a) of the Surplus Property Act of 1944 (58 Stat. 765; 50 U. S. C. 1611)" in section 1 of the act of August 7, 1946 (60 Stat. 897; 34 U. S. C. 546f), and by substituting therefor "section 602 (c) of the Federal Property and Administrative Services Act of 1949, as amended,".

(7) By deleting "or" in line 11 under the heading "Supplies for Postal Service" in the act of June 26, 1906 (34 Stat. 476; 39 U. S. C. 355), and by substituting therefor "and, subject to applicable regulations under the Federal Property and Administrative Services Act of 1949, as amended, may similarly contract for such envelopes."

(8) The fourth full paragraph on page 1112 of volume 32 of the Statutes at Large, in the act of March 3, 1903 (40 U. S. C. 304), is revised to read: "The General Services Administration is authorized to take custody, for disposal as excess property under the Federal Property and Administrative Services Act of 1949, as amended, of such lands as have been or may hereafter be acquired by the United States by devise."

(9) By adding "and shall be subject to applicable regulations under the Federal Property and Administrative Services Act of 1949, as amended" after "prescribe" in the last line of section 6 (a) of the act of September 1, 1937 (50 Stat. 890; 42 U. S. C. 1406 (a)).

(10) By amending the fourth full paragraph appearing on page 547 of volume 44 of the Statutes at Large, in the act of May 13, 1926 (41 U. S. C. 6a), to read as follows: "Hereafter the purchase of supplies and equipment and the procurement of services for all branches under the Architect of the Capitol may be made in the open market without compliance with section 3709 of the Revised Statutes of the United States, as amended, in the manner common among businessmen, when the aggregate amount of the purchase or the service does not exceed $500 in any instance."

With the following committee amendments:

On page 15, strike out all of lines 7 and 8 and renumber all of the succeeding paragraphs of section 1.

On page 22, line 19, strike the figure "136" and insert the figure "163."

One page 23, line 13 after the word "Section", strike the figure "220" and insert the figure "1834."

One page 25, strike all of lines 15, 16, 17, 18, and 19.

On line 20, strike the figure "10" and insert the figure "9."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROGRAM FOR OCTOBER 17, 1951

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I wonder if the majority leader can tell us what the program will be tomorrow for the benefit of the membership.

Mr. McCORMACK. The first order of business tomorrow will be consideration of the conference report on the civil functions appropriation bill.

The second order of business will be the study resolution reported out of the Rules Committee in connection with the Railroad Retirement Act amendment bill just passed.

The third order of business will be a continuation of the consideration of H. R. 2574, the Federal Property and Administrative Services Act.

I understand that the conferees have agreed on the Federal pay increase bill, but that will not be ready until tomorrow, and that will come up some day later in the week.

NEWPORT, KY.

The SPEAKER. The Chair recognizes the gentleman from Ohio [Mr. ELSTON].

Mr. ELSTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 4928) to provide that the interest of the United States in certain real property shall be conveyed to the city of Newport, Ky.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Army is authorized and directed to convey, without consideration, to the city of Newport, Ky., all right, title, and interest of the United States in and to the real property conditionally conveyed to that city by the act entitled "An act granting certain property to the city of Newport, Ky.," approved July 31, 1894 (28 Stat. 211).

With the following committee amendment:

Page 1, line 10, insert a new section, as follows:

"SEC. 2. The deed of conveyance from the Secretary of the Army shall provide, in such manner as he shall deem necessary to protect the interests of the United States, for waiver by the city of Newport of any claims for damages which have arisen or which may in the future arise because of river and harbor and flood-control activities of the Department of the Army."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING CERTAIN LAND AND OTHER PROPERTY TRANSACTIONS

Mr. SASSCER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1215) to authorize certain land and other property transactions, and for other purposes, with Senate amendments and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, strike out lines 4 to 19 inclusive.

Page 2, line 20, strike out "103" and insert "102."

Page 3, line 14, strike out "104" and insert "103."

Page 4, line 5, strike out "105" and insert "104."

Page 8, strike out all after line 12, over to and including line 14, on page 9.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain what the Senate amendments are?

Mr. SASSCER. This bill might be termed an omnibus acquisition bill to reclaim the various pieces of land that the Government conveyed after the last war, and to acquire several other pieces of property.

The Senate amendment strikes out one section.

The committee unanimously agreed, or, rather, I checked with the ranking minority member, and with the department, and the department feels that it is more important to have the bill even with the section stricken out than it is to disagree over the action. If we concur in the Senate amendments we will be passing the bill as agreed to by the House minus certain provisions inserted by the Senate.

Mr. MARTIN of Massachusetts. What are the items that the Senate changed?

Mr. SASSCER. The Senate struck out title III, recapture of an industrial plant in Milwaukee, Wis., an industrial plant in Adrian, Mich., an industrial plant in Jackson City, N. J., and a warehouse in Indianapolis, Ind. I understand the objection that came from the Senate was based upon a desire to keep these plants in private ownership so that the communities might get the tax. If the Government obtained these places they would go off the tax roll.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

CIVIL FUNCTIONS APPROPRIATION BILL

Mr. CANNON. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a conference report on the civil functions appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

ONE HUNDRED AND FIFTIETH ANNIVERSARY OF THE ESTABLISHMENT OF THE UNITED STATES MILITARY ACADEMY

Mr. MITCHELL, from the Committee on Rules, reported the following privileged resolution (H. Res. 463, Rept. No. 1194), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H. J. Res. 285) to authorize appropriate participation by the United States in commemoration of the one hundred and fiftieth anniversary of the establishment of the United States Military Academy. That after general debate, which shall be confined to the joint resolution and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

AMENDMENT TO ATOMIC ENERGY ACT OF 1946, AS AMENDED

Mr. DURHAM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2233) to amend the Atomic Energy Act of 1946, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. ELSTON. Mr. Speaker, reserving the right to object, I wish the gentleman from North Carolina would indicate to the House what the provisions of this bill are.

Mr. DURHAM. Mr. Speaker, the Joint Committee on Atomic Energy, in keeping with its responsibility to make continuing studies of problems relating to the development, use, and control of atomic energy and to report its recommendations to the Congress, has considered two amendments to the Atomic Energy Act and submits the following report with accompanying bill with the unanimous recommendation that the bill do pass.

COMMENTS ON THE AMENDMENTS

At no time in the history of this Nation's development of atomic energy has the use of overwhelming care and precision judgment in the control of restricted data been more essential to the common defense and security of the United States. Supremacy in atomic preparedness has become the critical bulwark in our survival as a free people. Information control is a factor basic to such supremacy.

It was with solemn attention to these principles that the law was first framed, and the joint committee, from its inception, has kept the identical principles at the forefront in scrutinizing the Nation's atomic endeavors. The same overriding concern for the common defense and security has dominated consideration of the bill which is now recommended to the Congress.

The committee's judgment on this matter is unanimous.

In considering the activities of friendly nations that impact directly upon atomic endeavors within the United States, the committee has given intensive attention to an important and complex problem requiring the most responsible and informed appraisal. This problem in all its ramifications involves considerations of secrecy and cannot be detailed here. Without violating secrecy, however, it can be said that the problem includes these aspects: If, for example, certain carefully circumscribed information were made available to another nation, that nation could furnish as a direct result of the information tangible benefits to the United States which would substantially promote our own atomic preparedness. In this type of special situation, moreover, a failure to undertake an arrangement with another nation would mean that the United States will be less well equipped—in measurable degree—to use atomic energy for defense purposes.

The joint committee has exhaustively explored and weighed the issues thus

presented. It particularly took into account the unique benefits obtainable from a speedy determination of basic policy.

After conscientiously evaluating all factors from the perspective gained through half a decade of service within the classified atomic-energy field, the members of the joint committee unanimously concluded that an arrangement with another country of the kind just outlined would substantially promote and would not endanger the common defense and security of the United States. They equally concluded that such an arrangement could only be acceptable subject to severe limitations and restrictive conditions.

It is the committee's thoroughly considered judgment that any determination must be confined to cases where the factors involved are plain and compelling and where, in effect, all reasonable and patriotic men with full knowledge of the facts can render a common verdict. The committee sees a clear need for acting to strengthen the atomic preparedness of the United States in the self-interest of the United States.

All concerned, the members of the joint committee no less than the members of the Atomic Energy Commission, are agreed that the situation should be met by new legislation. The two amendments which the joint committee unanimously recommends are, first, a new subsection (3) to be added at the end of the present section 10 (a), as follows:

Nothing contained in this section shall prohibit the Commission, when in its unanimous judgment the common defense and security would be substantially promoted and would not be endangered, subject to the limitations hereinafter set out, from entering into specific arrangements involving the communication to another nation of restricted data on refining, purification, and subsequent treatment of source materials; reactor development; production of fissionable materials; and research and development relating to the foregoing: *Provided*—

(1) That no such arrangement shall involve the communication of restricted data on design and fabrication of atomic weapons;

(2) That no such arrangement shall be entered into with any nation threatening the security of the United States.

(3) That the restricted data involved shall be limited and circumscribed to the maximum degree consistent with the common defense and security objective in view, and that in the judgment of the Commission the recipient nation's security standards applicable to such data are adequate;

(4) That the President, after securing the written recommendation of the National Security Council, has determined in writing (incorporating the National Security Council recommendation) that the arrangement would substantially promote and would not endanger the common defense and security of the United States, giving specific consideration to the security sensitivity of the restricted data involved and the adequacy and sufficiency of the security safeguards undertaken to be maintained by the recipient nation; and

(5) That before the arrangement is consummated by the Commission the Joint Committee on Atomic Energy has been fully informed for a period of 30 days in which the Congress was in session (in computing such 30 days, there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days).

The second amendment, a companion, would alter section 5 (a) (3) to read as follows:

Prohibition: It shall be unlawful for any person to (A) possess or transfer any fissionable material, except as authorized by the Commission; or (B) export from or import into the United States any fissionable material; or (C) directly or indirectly engage in the production of any fissionable material outside of the United States, except, subject to the limitations and conditions contained in section 10 (a) (3), as authorized by the Commission upon a determination by the President that the common defense and security will not be adversely affected thereby.

Mr. ELSTON. Just one other question. I believe, of course, that the safeguards which the gentleman has just referred to, are sufficient, but I would like to inquire of the gentleman from North Carolina whether or not the Joint Chiefs of Staff have approved the bill in its present form.

Mr. DURHAM. Yes, they have; also the Secretary of Defense and others involved.

Mr. ELSTON. And I believe there was also a unanimous report of the Joint Committee on Atomic Energy.

Mr. DURHAM. There was.

Mr. ELSTON. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 5 (a) (3) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(3) Prohibition: It shall be unlawful for any person to (A) possess or transfer any fissionable material, except as authorized by the Commission; or (B) export from or import into the United States any fissionable material; or (C) directly or indirectly engage in the production of any fissionable material outside of the United States, except, subject to the limitations and conditions contained in section 10 (a) (3), as authorized by the Commission upon a determination by the President that the common defense and security will not be adversely affected thereby."

Section 10 (a) is hereby amended by inserting the following subsection 10 (a) (3) after subsection 10 (a) (2):

"(3) Nothing contained in this section shall prohibit the Commission, when in its unanimous judgment the common defense and security would be substantially promoted and would not be endangered, subject to the limitations hereinafter set out, from entering into specific arrangements involving the communication to another nation of restricted data on refining, purification, and subsequent treatment of source materials; reactor development; production of fissionable materials; and research and development relating to the foregoing: *Provided,*

"(1) that no such arrangement shall involve the communications of restricted data on design and fabrication of atomic weapons;

"(2) that no such arrangement shall be entered into with any nation threatening the security of the United States;

"(3) that the restricted data involved shall be limited and circumscribed to the maximum degree consistent with the common defense and security objective in view, and that in the judgment of the Commission the recipient nation's security standards applicable to such data are adequate;

"(4) that the President, after securing the written recommendation of the National Security Council, has determined in writing (incorporating the National Security Council recommendation) that the arrangement would substantially promote and would not endanger the common defense and security of the United States, giving specific consideration to the security sensitivity of the restricted data involved and the adequacy and sufficiency of the security safeguards undertaken to be maintained by the recipient nation; and

"(5) that before the arrangement is consummated by the Commission the Joint Committee on Atomic Energy has been fully informed for a period of 30 days in which the Congress was in session (in computing such 30 days, there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days)."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 5646) was laid on the table.

LEGISLATIVE REORGANIZATION ACT OF 1946

Mr. DURHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1181) to amend section 207 of the Legislative Reorganization Act of 1946 so as to authorize payment of claims arising from the correction of military or naval records, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, after line 17 insert:

"'(1) This subsection shall not be deemed to authorize the payment of any claim heretofore compensated by the Congress through enactment of a private law."

Page 4, line 15, strike out "qualifications.'" and insert "qualifications."

Page 4, after line 15 insert:

"'(e) The Secretary of Defense and the Secretary of the Treasury, for their respective Departments, shall make semi-annual reports to the Congress of all claims paid under this subsection during the period covered by each such report. Each such report shall include, with respect to each such claim, a statement of the amount paid, to whom, and a brief description of the claim.

"'(f) Nothing in this act shall be construed to authorize the payment of any amount as compensation for any benefit to which the claimant might subsequently become entitled under the laws and regulations administered by the Administrator of Veterans' Affairs.'"

The SPEAKER. Is there any objection to the request of the gentleman from North Carolina?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the bill?

Mr. DURHAM. Mr. Speaker, this bill passed the House on July 2, 1951. It was handled in the Senate by the Senate Judiciary Committee and was passed by the Senate on October 11 with three amendments. The committee this morning unanimously reported all three of these amendments. The Committee on Armed Services have agreed to them and feel that they are clarifying and of benefit to the bill.

Mr. MARTIN of Massachusetts. What are they?

Mr. DURHAM. The first amendment is merely a protective amendment in that it forbids the payment of any claim as a result of action by the Board for the Correction of Military Records if that claim has theretofore been compensated by Congress through the enactment of a private law.

The second amendment requires the Secretary of Defense and the Secretary of Treasury to make semiannual reports to the Congress of all claims paid pursuant to the bill.

The third amendment was added to insure that the enactment of this bill would in no sense encroach upon the authority of the Administrator of Veterans' Affairs under existing law. It was not intended that this bill would deprive the Administrator of Veterans' Affairs of any authority which he exercises pursuant to law.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

MOUNT DESERT, MAINE

Mr. BYRNE of New York. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1482) for the relief of the town of Mount Desert, Maine.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the town of Mount Desert, Maine, the sum of $26,986.60. The payment of such sum shall be in full settlement of all claims of such town against the United States for reimbursement of expenditures made by such town in combating a forest fire in the Acadia National Park from October 24, 1947, to November 1, 1947: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNIVERSARY OF THE DEATH OF JOHN HOWARD PAYNE

Mr. LANE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 284) authorizing an appropriation for the participation of the United States in the preparation and completion of plans for the observance and memorialization on April 9, 1952, of the one-hundredth anniversary of the death of John Howard Payne, author of that family hymn of America, Home, Sweet Home.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, and I am not going to object, I understand that this joint resolution refers to the author of the song, Home Sweet Home. I wonder if the author of the joint resolution would care to sing that song for us now?

Mr. LANE. Mr. Speaker, I yield to the author of the joint resolution, the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. I thank the gentleman very much for yielding to me. I spoke of this matter on the floor of the House the other day. John Howard Payne was the author of Home Sweet Home. May I say to the gentleman from Massachusetts that I would be happy to sing it, but I think it is a little bit late in the evening for that.

Mr. MARTIN of Massachusetts. All the Members of Congress would be happy to sing that song.

Mrs. BOLTON. It would be very fitting.

It happens that in the University of Rochester there is the original of the opera "Clari," which was performed in London, in which the song does appear. I am about the last one on the program this afternoon, or I think we would have a full chorus happy to sing that song.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That there is hereby established a Commission to be known as the United States Commission for the Observance of the One Hundredth Anniversary of the Death of John Howard Payne (hereinafter referred to as the "Commission") and to be composed of 19 Commissioners as follows:

The President of the United States; Presiding Officer of the Senate and the Speaker of the House of Representatives, ex officio; eight persons to be appointed by the President of the United States; four Senators by the President pro tempore of the Senate; and four Representatives by the Speaker of the House of Representatives. The Commissioners shall serve without compensation and shall select a Chairman from among their number.

SEC. 2. That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to be expended by the Commission in accordance with the provisions of this resolution.

SEC. 3. That it shall be the duty of the Commissioners, after promulgating to the American people an address relative to the reason of its creation and of its purpose, to prepare a plan or plans and a program for the signalizing of the event, to commemorate which they are brought into being; and to give due and proper consideration to any plan or plans which may be submitted to them; and to take such steps as may be necessary in the coordination and correlation of plans, when, as and if such are prepared by State commissions or by bodies created under appointment by governors of the respective States, and by representative civic bodies.

SEC. 4. That when the Commission shall have approved of a plan of observance, then it shall submit for their consideration and approval such plan or plans, insofar as it or they may relate to the fine arts, to the Commission of Fine Arts, in Washington, for their approval, and in accordance with statutory requirements.

SEC. 5. That the Commission, after selecting a Chairman and a Vice Chairman from among their members, may employ a secretary and such other assistants as may be needed for clerical work connected with the duties of the Commission and may also engage the services of expert advisers; and may fix their respective compensations within the amount appropriated for such purposes.

SEC. 6. The Commissioners shall receive no compensation for their services, but shall be paid their actual and necessary traveling, hotel, and other expenses incurred in the discharge of their duties out of the amount appropriated.

SEC. 7. The Commission shall, on or before December 1, 1951, make a report to the Congress, in order that enabling legislation may be enacted.

SEC. 8. That the Commission hereby created shall expire within 1 year after the expiration of the observance and prior to April 9, 1953.

With the following committee amendments:

Page 1, line 6, strike out the parenthetical language "(hereinafter referred to as the 'Commission')."

Page 2, lines 6 and 7, strike out "shall serve without compensation and."

Page 2, line 7, after "Chairman", insert "and a Vice Chairman."

Page 2, strike out lines 9 through 12.

Page 2, line 13, strike out "SEC. 3. That it" and insert in lieu thereof "SEC. 2. It."

Page 2, line 24, strike out "SEC. 4. That when" and insert in lieu thereof "SEC. 3. When."

Page 2, line 25, strike out the word "of" at the beginning of the line and the word "then" following "of observance."

Page 2, line 25, after the word "submit", insert "it."

Page 2, line 25, and page 3, line 1, strike out the language "for their consideration and approval such plan or plans."

Page 3, lines 1 and 2, strike out the word "or" at the end of line 1, and "they" at the beginning of line 2.

Page 3, strike out lines 5 through 18.

Page 3, line 19, strike out "SEC. 8. That the" and insert in lieu thereof "SEC. 4. The."

The committee amendments were agreed to.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time, and passed.

The title was amended so as to read: "Authorizing the participation of the United States in the preparation and completion of plans for the observance and memorialization on April 9, 1952, of the one hundredth anniversary of the death of John Howard Payne, author of that family hymn of America, Home Sweet Home.

A motion to reconsider was laid on the table.

CITIZENSHIP DAY

Mr. LANE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 314) designating September 17 of each year as Citizenship Day.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, this joint resolution does not make that day a holiday, does it?

Mr. LANE. This simply designates the 17th day of September as Citizenship Day. We have been observing I Am An American Day on the third Sunday of May. The purpose of this resolution is to change I Am An American Day from the third Sunday in May to the 17th day of September, which is Constitution Day, so that those 2 days may be observed on the same day each year.

Mr. MARTIN of Massachusetts. Those who hold the celebrations of I Am An American Day are in favor of this?

Mr. LANE. They are. This bill comes to us through the American Bar Association, the Department of Justice, and a number of the citizenship commissions throughout the country. Everybody has agreed to it, as far as the committee knows.

Mr. MARTIN of Massachusetts. The Committee on the Judiciary is in favor of this?

Mr. LANE. The Committee on the Judiciary is unanimous in their report on changing I Am An American Day from the third Sunday in May to the 17th day of September each year and calling it Citizenship Day. It is felt that in May the celebration is too near Flag Day and other days in the month of May, and that by having the celebration in September, when the children are back in school, it is a better time to put on these exercises in the schools and display the flag.

Mr. MARTIN of Massachusetts. Why would not the Department of Justice and the American Bar Association be interested in such a big problem as this?

Mr. LANE. It comes to us from that source.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the 17th day of September of each year is hereby designated as Citizenship Day in commemoration of the formation and signing, on September 17, 1787, of the Constitution of the United States and in recognition of all who, by coming of age or by naturalization have attained the status of citizenship, and the President of the United States is hereby authorized to issue annually a proclamation calling upon officials of the Government to display the flag of the United States on all Government buildings on such day, and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies.

That the civil and educational authorities of States, counties, cities, and towns be, and they are hereby, urged to make plans for the proper observance of this day and for the full instruction of future citizens in their responsibilities and opportunities as citizens of the United States and of the States and localities in which they reside.

Nothing herein shall be construed as changing, or attempting to change, the time or mode of any of the many altogether commendable observances of similar nature now being held from time to time, or periodically, but, to the contrary, such practices are hereby praised and encouraged.

SEC. 2. Either at the time of the rendition of the decree of naturalization or at such other time as the judge may fix, the judge or someone designated by him shall address the newly naturalized citizen upon the form and genius of our Government and the privileges and responsibilities of citizenship; it being the intent and purpose of this section to enlist the aid of the judiciary, in cooperation with civil and educational authorities, and patriotic organizations in a continuous effort to dignify and emphasize the significance of citizenship.

SEC. 3. The joint resolution entitled "Joint resolution authorizing the President of the United States of America to proclaim I Am an American Citizen Day, for the recognition, observance, and commemoration of American citizenship," approved May 3, 1940 (54 Stat. 178), is hereby repealed.

With the following committee amendment:

Page 2, line 7, strike out "future."

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PRESIDENT TRUMAN'S WAKE FOREST SPEECH ON PEACE WITH THE SOVIET

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include the text of an address which was delivered by President Truman at Wake Forest College.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

(Following is the text of President Truman's speech at ground-breaking ceremonies for Wake Forest College:)

It is a privilege to be here today.

It is a privilege to join my fellow Baptists in rejoicing at the enlargement and rebuilding of one of our great institutions.

It is a privilege to join the people of North Carolina in celebrating their devotion to freedom of the mind and spirit.

Freedom of the mind and spirit are very, very important to us and to the whole world today. And I believe the history of Wake Forest College has some significant lessons for us in this regard.

Wake Forest College has given 117 years of distinguished service to education and religion in this State. Over the years this college has sent thousands of graduates out through the land to positions of leadership and trust.

This college, like others in every part of our country, has remained loyal to the principle that the purpose of education is to seek the truth.

This is an article of faith that underlies our whole educational system: "Know the truth, and the truth shall make you free."

Students and teachers in American schools, seeking the truth without hindrance or censorship, have been largely responsible for the amazing progress of our country. We believe, in America, that the pursuit of the truth is open to all comers. No group that seeks the truth is a dangerous group, or a subversive group—not in the United States of America. We know that any attempt to control the mind of man defeats itself. We know that as long as our schools enjoy freedom our political liberties are safe.

ALL AMERICANS JOIN

For this reason Americans of all parties and creeds can join together in their support of education—public and private.

Here in North Carolina you have built a fine public school system, crowned with a State university respected throughout the academic world. At the same time you have made progress in private education, culminating in the endowment, in one generation, of two such institutions of higher learning as Duke and Wake Forest.

The history of this college shows how all Americans can unite in support of education. It is a Baptist college; yet the magnificent gift that stimulated its rebuilding came from donors who are not themselves Baptists, and the funds that are to go into these buildings were supplied by all kinds of Protestants—and by Catholics and Jews, as well.

A college is an institution that is dedicated to the future. It is based on faith and hope—faith in the basic decency of our fellow men, and hope that the increase of knowledge will promote the general welfare.

This faith and this hope are a very important part of the American way of life, so important that if they are lost, that way of life will be destroyed. Faith that the a erage American is honest and trustworthy; hope that when he knows the truth, the truth will make him free. This faith and this hope are the strong foundations on which Wake Forest College was built. They are the foundations on which this Republic has stood, unshaken by all the storms that have beat upon it.

Yet there are always some who do not share this faith and this hope. These people go up and down the land, wailing that we must not do anything, because it might turn out wrong. For faith and hope, they have substituted suspicion and fear.

This is deplorable, but we should not let it alarm us to much, for after all it is nothing new. It is as old as this college, and a lot older.

STRANGULATION AT BIRTH

Indeed, this college was almost strangled at its birth by this sort of reactionary attitude.

On December 21, 1833, the bill granting a charter to Wake Forest came up for final passage in the North Carolina State Senate. Without this bill, the college could not have been founded. Yet, the vote was a tie, 29 to 29, and the bill passed only by the deciding vote of the presiding officer.

Think what this means. If there had been one more negative vote, there might never have been a Wake Forest College—with all that it has meant to North Carolina and the Nation. You might never have had such great leaders as the presidents of this college—men like W. L. Poteat, who did so much to defend freedom of thought, or Thurman Kitchin, who built undiscouraged through depression and war. There might have been no opportunity for men like Harold Tribble to lead this institution into an era of greater service to humanity.

How was it possible for 29 men, back then in 1833, to vote against such a constructive step as the founding of Wake Forest?

We have no proof whatever that they were unpatriotic men, selfish men, or evil men. They claimed they were not. Indeed, the facts seem to show that they were simply

afraid. They allowed their suspicion and fear to overcome their hope and their faith.

They argued that to incorporate Wake Forest would lead to "a proud and pompous ministry." They said that this sort of school was bound to become "a curse to the church of God, and to the nations of the earth."

Their objection, in modern terms, was that the college might turn into a subversive organization which would destroy the American way of life. Of course, Wake Forest had not done anything wrong yet, because it did not even exist. But those men argued that if it were given the right to exist, it might do wrong. Therefore, it ought to be killed in the cradle.

QUESTION OF DOING GOOD

Friends of the college argued that it would do good, that it would develop character and intelligence among the people, which is the greatest good that can be done for a nation. But no, in the minds of those 29 men, the hope that it might do good was nothing. The fear that it might do harm was everything. In their minds, it was most virtuous—it was safer—to try to avoid doing harm than it was to try to do good.

The fear of moving ahead, the unwillingness to try anything new, almost stifled Wake Forest at birth. But let us remember that the forces that nearly prevented the creation of Wake Forest were not peculiar to that time and place. They are deeply embedded in human nature and are alive and powerful today. There are many men of this generation who, like the 29 members of the North Carolina State Senate of 1833, allow their fears to stifle their hopes.

When the ideas of such frightened men prevail, whether in a college or in a country, no progress is made, and little is accomplished for the betterment of the world. No institution and no nation can stand before the bar of history and justify itself on the ground that it never did any harm. The question that has to be answered before all mankind is, "What good did you do?"

Our country is standing before the bar of history today in a very conspicuous place. All the world is watching us, because all the world knows that the fate of civilization depends, to a very large extent, on what we do.

At the present time this Nation of ours is engaged in a great series of positive actions to secure peace in the world. This effort is costing us a great deal—in taxes, in energy, in unwelcome changes in our daily living. It is even costing us the lives of some of our bravest and best young people who are fighting in the front lines against aggression.

EFFORT HELD WORTH MAKING

Like any positive effort, this one is being questioned and criticized. There are people who ask whether it is worth doing. There are people who point to the sacrifices, the inconveniences, the cost, and who say it would be better to do nothing, or as close to nothing as possible.

But it is clear, to most of us at least, that the effort is worth making, indeed that we have to make it.

Our great effort for peace is a national effort. It is not the decision of one group or one person. It is the result of our entire national experience, over the last few decades.

By the end of World War II we had learned, as a Nation, that we could not have peace by keeping out of the affairs of the world. We were determined to act, positively and vigorously, with other nations, to preserve peace. That is why we embraced the United Nations, and pledged to support it.

Everything that we have done since has been the result of this decision. All we have done, our treaties with other nations, our defense program, our aid to other countries, has been the result of our determination to uphold the principles of the United Nations.

It has been harder and more dangerous than we expected, because of the refusal of one of the great powers to carry out the spirit of the United Nations, and to live peacefully and cooperatively with its neighbors.

But, if I understand this country correctly, there is no desire to backtrack on the path we have taken toward peace. There is no intention of running out on the obligation we undertook to support the principles of the Charter. We made our decision, it was the right decision, we are going to follow it out, and that is that.

OBJECTIVE IS PEACE

It is important to remember, as our defense program begins to turn out more and more weapons, and our alliances for defense begin to take effect, that our basic objective, our only objective, is peace.

I am afraid that some people, here and abroad, believe that the creation of armed defenses must inevitably lead to war. This is not the case. We do not think war is inevitable.

We believe that the creation of defenses will make war less likely. So long as one country has the power and the forces to overwhelm others, and so long as that country has aggressive intentions, real peace is unattainable. The stronger we become, the more possible it will be to work out solid and lasting arrangements that will prevent war. Our strength will make for peace.

We saw the folly of weakness in the days of Hitler. We know now that we must have defenses when there is an aggressor broad in the world.

But once we have defenses strong enough to prevent the sneaking, creeping kind of aggression that Hitler practiced—what is the next step? Must we then have a showdown, and a war until one side of the other is completely victorious?

I think not. Our policy is based on the hope that it will be possible to live, without a war, in the same world as the Soviet Union—if the free nations have adequate defenses. As our defenses improve, the chance of negotiating successfully with the Soviet Union will increase. The growth of our defenses will help to convince the leaders of the Soviet Union that peaceful arrangements are in their own self-interest. And as our strength increases, we should be able to negotiate settlements that the Soviet Union will respect and live up to.

POSSIBILITY OF DISCUSSION

For example, the Kremlin may then be willing to discuss the possibility of genuine, enforceable arrangements to reduce and control armaments. Since the end of World War II, we have been trying to work out a plan for the balanced reduction and control of armaments.

Long before the Soviet Union got the atomic bomb, we developed a plan to control atomic weapons. Other nations endorsed this plan. It was a good plan. It would work. It would free the world from the scourge of atomic warfare. But the Soviets rejected it.

Working with other nations, we also developed initial plans looking toward the balanced reduction and control of other types of weapons. The Soviet Union rejected these plans, too.

Last year, before the United Nations, I proposed further work on the problem of disarmament, and a new approach. I proposed a merger of the two United Nations commissions working in this field, the one on atomic energy, and the one on other types of weapons. Work on this proposal has gone forward and good progress has been made. We are ready now, as we have always been, to sit down with the Soviet Union, and all the nations concerned, in the United Nations, and work together for lifting the burden of armaments and securing the peace.

We are determined to leave no stone unturned in this search not only for relief from the horror of another world war, but also for the basis of a durable peace.

I hope that the growing strength of the free world will convince the leaders of the Soviet Union that it is to their own best interest to lay aside their aggressive plans, and their phony peace propaganda, and join with us and the other free nations to work out practical arrangements for achieving peace.

This is the goal we are working toward. It is for this great goal of peace that we have a defense program, and higher taxes, and a program of aid to other nations. It is for this purpose that our men, and the soldiers of other free nations, are striving and fighting in the hills of Korea.

I cannot guarantee that we will reach our goal. The result does not depend entirely on our own efforts. The rulers of the Kremlin can plunge the world into carnage if they desire to do so. But that is something this country will never do.

This I can say. Peace comes high in these troubled days, and we have shown that we are willing to pay the price for it. We have shown by positive acts that we are willing to work and sacrifice for it.

Twice within one generation we have spent our blood and treasures in defense of human freedom. For six long years now we have contended, with all the weapons of the mind and spirit, against the adherents of the false god of tyranny. When the nations of Europe, our neighbors, were left, like the man in Scripture who fell among thieves, robbed and wounded and half dead, we have offered them our oil and our wine, without stint and without price. When one of the newest and smallest nations of Asia was invaded, we led the free world to its defense.

These positive acts have not been easy to do. They have brought upon us the hatred and threats and curses of the enemies of freedom—and may bring upon us even worse troubles. Nevertheless, if this Nation is justified by history, it is these things that will justify it, and not the negative virtue of meaning no harm.

God forbid that I should claim for our country the mantle of perfect righteousness. We have committed sins of omission and sins of commission, for which we stand in need of the mercy of the Lord. But I dare maintain before the world that we have done much that was right.

OLD TESTAMENT QUOTED

To the sowers of suspicion, and the peddlers of fear, to all those who seem bent on persuading us that our country is on the wrong track and that there is no honor or loyalty left in the land, and that woe and ruin lie ahead, I would say one thing: "Take off your blinders, and look toward the future. The worst danger we face is the danger of being paralyzed by doubts and fears. This danger is brought on by those who abandon faith and sneer at hope. It is brought on by those who spread cynicism and distrust and try to blind us to our great chance to do good for mankind."

Yet, at heart, I do not greatly fear such men, for they have always been with us, and in the long run they have always failed. To be sure, they alarm us at times. In 1833, they came within one vote of preventing Wake Forest from being born. But they didn't, and that is the whole point. They have never succeeded permanently in holding back the United States—and they never will.

This college has suffered from such people and no doubt will again. This country is suffering from them, and no doubt will continue to do so. But college and country alike must keep on disregarding them. We have business in the world that must be attended to, and history will accept no excuses if it is neglected.

My last word to this college, therefore, is an injunction to remember the words the Lord said to Moses on the shores of the Red Sea: "Why criest thou unto me? Speak to the children of Israel, that they go forward." For when the accounts of history are rendered, it is the going forward that will constitute the record—not the hesitations and the mistakes—not how you refrained from wrong, but how you did right.

Armed with the faith and hope that made this college and this country great, you may declare in the words of King David, "Through God we shall do valiantly."

ROBERT A. TAFT, CANDIDATE FOR PRESIDENT

Mr. BENDER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD, and to include a statement by the next President of the United States, ROBERT A. TAFT.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, today Ohio's No. 1 citizen, Senator ROBERT A. TAFT, announced his candidacy for President of the United States. Senator TAFT's candidacy is the tonic America needs most today. It is the first breath of fresh air on the Washington scene. Americans all over the country have been waiting for BOB TAFT to say the word. We are going out to elect him, and to restore integrity and decency to public life. The Missouri crowd will fold up against TAFT's honest statements of public principle. BOB TAFT will be elected President because he will make a fighting campaign.

SPECIAL ORDER GRANTED

Mr. VELDE asked and was given permission to address the House for 30 minutes tomorrow, after the legislative business of the day, and the conclusion of special orders heretofore granted.

THEY HIT THE SAWDUST TRAIL

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, over the years the wasters and the spenders, the internationalist do-gooders, have been getting Congress to authorize the expenditure of billions upon billions of dollars, and appropriate billions upon billions of dollars, not only for every conceivable domestic purpose but to remake the rest of the world to conform to their ideas.

A small minority in the House protested and voted against such authorizations and appropriations but, from the people as a whole, they received very little support, for the people did not fully realize that the cost fell upon them.

And so the spending, like Tennyson's brook, has gone on and on until finally, the Congress was forced to tax and tax again.

But the last tax bill which levied something over 11 percent more in taxes upon the income of most of us, was just a little too much for the people to take.

Today, when the conferees brought in the report on this last tax bill, many of the Members, having heard from the people back home, who, at last have discovered that, while apparently they had no personal interest in an authorization or appropriation of billions of dollars, began to see the light, that the people did have a very definite personal interest in a tax bill which picked their pockets of an additional 11 percent of tax money.

What happened? Having heard from home, and remembering an election will be with us in 1952, one by one—and sometimes two by two—realizing the hot spot we were on, they began to hit the sawdust trail. Loudly and enthusiastically they shouted "No," when the roll was called.

But when the tally was completed, it was discovered that those who had seen the light outnumbered the others by some fifty-odd and consternation struck the House. No tax bill, no adjournment, no, not even a recess. As one strolls down the corridors, he hears the not-too-well-veiled threat that if we do not reconsider and vote a tax bill we will be here the rest of the year. That is not pressure on Congress, is it? That is just asking each Member to consider his own personal interest.

The question now is, Are we so intent upon a recess or a final adjournment at this time that we are willing to give the President what he demands, then go home and meet the wrath of those who have to dig up this additional 11 percent in taxes?

The truth of the old statement that no man can serve two masters is becoming apparent. We will all have to decide, and that right soon, whether we will continue to take Mr. Truman's orders on spending by the billion, or whether we will listen to our constituents—the people who pay the taxes and who really have the welfare of our country at heart.

It is a hot spot, but we are on it.

The SPEAKER. Under previous order of the House, the gentleman from Arkansas [Mr. TACKETT] is recognized for 10 minutes.

KEYSTONE COMEDY COPS OF THE FEDERAL RESERVE BOARD FALLING ALL OVER EACH OTHER IN POLICING INSTALLMENT CREDIT CONTROLS, WHICH INDUSTRY WAS DOING ANYHOW—RESERVE BOARD ECONOMISTS FAKE FIGURES TO HOLD JOES

Mr. TACKETT. Mr. Speaker, the Federal Reserve Board is faking statistics to prove the need for Federal control over installment credit, and to continue the jobs of a horde of bookkeepers, economists, statisticians, messengers, typists, and house "dicks" who should be at work in defense plants anyhow.

On June 30 of this year, the Congress again turned over to the Federal Reserve Board the power to control installment credit. This control is known as regulation W, one of the most vicious, useless, repulsive, and immoral laws ever passed in the annals of a constitutional democracy.

As you know, regulation W affects only poor people who depend on installment credit for every-day necessities. It discriminates against the poor and deprives them of their inalienable right to buy when, where, and as they see fit. There was a time in this country when poor people could sit around the table after supper and figure out a budget, but the Federal Reserve Board has decided that people cannot do this anymore. The Board wants to regiment the thinking and planning of the poor people. You understand, of course, that the rich are not affected by this regulation. It is the same old story, like every war we have: a rich man's war and the poor man's fight. The present international crisis which brought on the national emergency gives the Socialists the opportunity to nationalize the poor man's credit.

The Federal Reserve Board has been flooding the country with phony figures designed to show that consumer credit and installment credit are getting out of hand and are being held in control only because of the great work of the Board and its secret police. The Federal Reserve Board has been getting away with propaganda murder for years now and it is about time somebody exposed them. The double talk of the Board's double domes is a masterpiece of deception and falsification and even the newspapers and radio stations seem to fall for it.

The Federal Reserve Board has built up such a great name for honesty that Washington correspondents and radio commentators run off with the Board's press releases without even checking them. There seems to be a general feeling in Washington that whatever the Board says is true and does not have to be checked. Board officials are smart enough to know, too, that there is only a handful of Washington correspondents who would have time to analyze the Board's figures so that their chances of getting caught in the act of a brazen falsehood are pretty slim. Incidentally, I have no quarrel with Gov. William McChesney Martin, of the Federal Reserve Board, for I know he is not a part of this conspiracy to fool the American public, but I am going to write him a personal note and ask him if he cannot promise the Congress a shakeup in his Research Division so that we can be guaranteed a little more honesty in the future publication of the Board's statistics on consumer credit. And while I am at it, I want to pay public tribute to J. K. Vardaman, another of the Board's Governnors and the only one I know of who has had the courage to speak up against regulation W and the efforts of somebody to make a case for Federal control of installment credit through misrepresentation and downright falsification of figures. This is the same Governor Vardaman who they said would be a stooge for President Truman when the Governor's appointment was up for confirmation. Well, Governor Vardaman is loyal to his President but he does not mind disagreeing with him when he sees the economic and social dangers inherent in such regulations as W. As far as I can see, Governor Vardaman has been a stooge for the American people because he has

taken a lot of thankless abuse over his position on regulation W.

At any rate the Federal Reserve Board, using its high office and prestige, now tells the country that outstanding consumer credit today amounts to $19,000,000,000. That is an impressive figure and in some respects it scares you. The Board's economists want it to scare you. They want you to get the impression that every Tom, Dick, and Harry in the country is buying three televisions, four radios, and more furniture than he can possibly use. They want you to feel that this thing called consumer credit is getting out of hand and that there is only one way to stop this run-away machine and that is through Federal control, which we now have but which the Board is afraid of losing when they come up here next year for a renewal of this authority. Do you see what they are up to? They are laying the groundwork now—in October, mind you—for demands next year for continued control over the relationship between retailer and customer. This is an old propaganda trick and one the American public will see through, once they have all the facts. Hitler pulled this stunt and so did Mussolini and it worked for awhile, at least. The trick is to scare the people into legislative reforms. Of course, only Government can bring about any remedial legislation. Private industry cannot police itself. It is too weak and selfish. That is the propaganda line that the Board is feeding the American public and I am afraid they will gain their objectives unless they are exposed.

Now what are the facts about the phony $19,000,000,000 which the Board says consumers owe? I will start out by saying that the truth about all consumer debt lies closer to $7,000,000,000 and not $19,000,000,000 and that of the $7,000,000,000 only $2,000,000,000 is owed by persons buying radios, televisions, furniture, and household appliances on the installment plan. The Board would like the country to get the impression that the $19,000,000,000, which is strictly a phony figure to begin with, is credit outstanding for articles bought on the installment plan. Obviously, they do not say that. They just leave that impression hoping that newspapers will confuse the figures.

Actually, the newspapers seem to believe that outstanding consumer credit and outstanding installment credit are one and the same thing. The Federal Reserve Board says that the total consumer installment credit outstanding is $13,000,000,000, which is another bloated and faked figure as I will prove in a minute, but to the newspapers the $13,000,000,000 and the $19,000,000,000 figures seem interchangeable.

Now, consumer credit to me means credit that is used by an individual for personal, family, and daily needs. On the other hand, credit used by professional or businessmen is commercial credit and has nothing to do with consumer credit. Yet, nowhere in its blow-up of statistics does the Federal Reserve Board make this distinction. For example, they classify a bank loan of $100,000 as consumer credit, in an effort to exaggerate and build up the total of outstanding consumer credit.

How do they arrive at the phony $19,000,000,000 which they say consumers owe? By a simple process of manipulation and fraudulent accounting. Let me show you, step by step, just how dishonest these figures are and you can judge for yourself who is telling the truth here.

The Board says that the Nation's gas, electric, and telephone bills total $1,000,000,000 and that they are a part of the $19,000,000,000 in outstanding consumer credit. Now, everyone knows that these bills are either payable in advance or that a deposit is required, so how consumer credit gets into this figure is something I do not understand. You will have to agree with me, however, that since there is no credit involved in these transactions, we deduct a billion dollars and the Board's padded figure of 19 billion become 18.

The next item which the Board includes as a part of consumer credit is charge accounts. Here I can nail them with their own definition of installment credit, with which I do not agree, but I will use it to show you how dishonest their figures are. The Board says installment credit is the mortgaging of future income to satisfy current desires. The middle and upper middle classes with charge accounts certainly never thought they were mortgaging future incomes when they opened charge accounts. All of us know that a charge account is not a credit account but an account of convenience only. Yet, the Board adds charge accounts totaling $3,750,000,000 to outstanding consumer credit because it helps to make the total look bigger. Obviously, this $3,750,000,000 should be deducted from any total of outstanding consumer credit.

The next item the Board adds to the total outstanding consumer credit is $1,396,000,000 for bank loans, the types that are made by businessmen and individuals who use the money to buy stocks. We have the Board's own word for it that all of these loans are paid off to the banks in a lump sum. Mind you, these are not the types of loans where the little fellow agrees to pay back so much a month over a year. These are the single payment loans, the kind the big fellows make. And the Federal Reserve Board has the gall to classify them as consumer loans and they add this figure to the total, to help bring the total up to $19,000,000,000.

In all fairness and honesty, the gas, electric, telephone bills, charge accounts, and single payment loans, which total more than $6,000,000,000 and which are listed as consumer credit items, should be stricken from the total of $19,000,000,000 which the Board says consumers owe. That leaves a more realistic consumer debt of only $13,000,000,000 but even this figure is bloated and purposely padded to show how this type of debt is getting out of hand and how Government controls are needed to keep it in line.

Here is a breakdown of the $13,000,000,000, as outlined by the Federal Reserve Board and classified as debt incurred by consumers either buying merchandise on the installment plan or borrowing money to be repaid in installments: $6,000,000,000 from various lending agencies; $3,000,000,000 for such articles as televisions and household appliances and $4,000,000,000 for automobiles.

I have no way of telling how much of the $6,000,000,000 listed as consumer installment credit should actually be tabulated as business loans. The Board does not give a breakdown of this figure. All I know is that a high percentage of this $6,000,000,000 represents loans made to business and industry. Business borrows money on the installment plan, the same as individuals, but the loan certainly should not be listed as a consumer debt. From information available through trade and banking channels it is clear to me that 50 percent, or only $3,000,000,000, of this $6,000,00,000 should be listed as consumer debt. The $13,000,000,000 of outstanding consumer installment credit now becomes only $10,000,000,000. Even this figure is bloated to bolster the Board's case for continuance of regulation W.

The Board claims that consumers owe $3,000,000,000 on furniture, televisions and other home appliances that they are buying on the installment plan. The Board does not tell the newspapers and the public that a high percentage of this figure includes such items as furniture bought on the installment plan by rooming-house owners. Such installment credit can scarcely be called consumer installment credit, yet it is so listed by the Federal Reserve Board, further evidence of dishonesty and hyprocrisy and the Board's sly attempts to influence the Congress into making Regulation W a permanent law.

I don't say that the Board of Governors of the Federal Reserve Board is intentionally deceiving the public. I honestly believe that the Governors have not considered the conclusions of the pencil pushers, who are pulling the wool over their eyes. How do I know the intent of the Governors when they themselves don't know? This much I can say in all kindness to the Governors: it is their responsibility to see that their research division gathers facts and figures and lays off the propaganda stuff.

The $3,000,000,000 listed as debts contracted by individuals buying articles on the installment plan also includes books bought by young doctors and lawyers and tools bought by carpenters, most of which are bought on the installment plan, but are not considered consumer credit, by any reasonable person, by nobody, I know, in fact, except the Federal Reserve propagandists or the pen and pencil boys down there who have a talent for making figures tell tall tales and give them jobs at the same time.

Many farmers buy necessary equipment on the installment plan and while I do not have the exact figure for that outstanding indebtedness it obviously runs into hundreds of millions of dollars annually. The Reserve Board says that this debt is part of the outstanding consumer debt, while even a child knows that it is part of a business or farm debt.

But the Federal Reserve wants that figure in the consumer debt column because it will scare a lot of Congressmen into believing that regulation W should be made permanent.

My best guess is, and do not forget that all of this work by the Reserve Board ribbon clerks is only guess work at the best, that at least one-third of the $3,000,000,000 listed as consumer installment credit debt should be sliced off, so that the real or true figure would be closer to $2,000,000,000.

The next and last item listed as consumer installment credit is $4,000,000,000 for automobiles. There are more jokers in this figure than in a rigged-up deck of cards.

To begin with, the United States Bureau of Labor Statistics reports that one-third of all automobiles are bought and used primarily for business purposes. But the Federal Reserve Board charges the entire auto debt up to the consumer, in a further attempt to show the public and the Congress the continuing need for regulation W.

Other studies reveal that almost two-thirds of United States automobiles are used in connection with making a living. The automobile the insurance salesman buys on the installment plan can hardly be charged up to consumer credit debt, but that is what the Federal Reserve Board does. Clearly, this is a business debt and should be so listed.

My own study of this item shows that 50 percent of automobile debt is business and 50 percent out-and-out consumer. Theerfore, the $4,00,000,000 the Board has charged against consumer debt should be two billion, not four billion.

If we subtract this $2,000,000,000 sum, plus another three billion from the six billion installment loan column and another billion from the $3,000,000,000 that the Board says consumers owe on all other items we begin to get a more realistic picture of the true consumer installment debt, namely, a figure of seven billion, not thirteen billion. The $7,000,000,000 contrasts sharply with the hysterical newspaper headlines of $19,000,000,000 which the Board says is the total outstanding consumer debt.

Excluding for the moment the items of consumer installment debt and consumer automobile debt, the American consumer owes about $2,000,000,000 on all other items. It is this $2,000,000,000 sum that forms the basis for regulation W. In other words, all the ranting and raving over the consumer's wild spending spree is over this $2,000,000,000 which is much less than one percent of the total national income. I want to repeat that statement. The frenzied efforts of the Federal Reserve Board to whip the country into a fury over the consumer's spending and the inevitable demands for Federal regulation of this spending, pivot around a sum of money that is much less than one percent of the total national income.

Meanwhile, the Keystone Comedy cops of the Federal Reserve Board are enforcing regulation W, falling all over each other in their silly efforts to browbeat the little fellow. Actually, there is nothing to police because private industry, the retailers who are out on the firing line every day and the manufacturers who supply them, were doing the job themselves. In other words, Congress this year passed a law to regulate retailers and buyers when they were already doing more than the regulation required anyway. Regulation W requires a fifteen percent down payment on most articles, with the balance paid off in 18 months. It never occurred to the Federal Reserve Board when they asked for this renewal authority that most reputable retailers would not give the customer better terms than this anyhow.

Why then do we have this senseless law on the statute books? The reason is very simple. It gives power and jobs to a bunch of men in the Federal Reserve Board who could not make a living in a free and competitive society. It gives people like J. Leonard Townsend something to do. He is the Board's chief of police. He is winding up his attack on L. M. Giannini and the Bank of America and pretty soon will be idle. Townsend wants to destroy the Bank of America, the greatest retail merchandisers of money in all history. When he gets the Bank of America case out of the way, Townsend and his Rover Boys can devote full time to harassing and jailing, if possible, poor old women who violate regulation W. We must not forget that we turned over very sweeping powers to the Federal Reserve Board and that a cop like Townsend, already endowed with a jail complex, will use them to the utmost. For example, if a customer can not meet an installment payment that he signed up for, he must report to the retailer like a paroled convict and explain why he can not meet the payment. The retailer does not require this indignity. The Government forces him to do it. It seems absurd to me for Americans to worry about the loss of personal liberties of people two, three, and five thousand miles away. They better start worrying about their own personal liberties first.

EXTENSION OF REMARKS

Mrs. BOLTON. Mr. Speaker, in view of the problems in housing, I ask unanimous consent to extend my remarks in the appendix of the RECORD and include therein a talk I made the other day at the National Association of Housing officials luncheon.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. SMITH of Virginia and to include an editorial.

Mr. REAMS and to include extraneous material.

Mr. WOLVERTON to revise and extend the remarks he made in the Committee of the Whole today and include extraneous matter.

Mr. MCCORMACK and include an address made today by Attorney General J. Howard McGrath in connection with the Community Chest campaign.

Mr. BURNSIDE in two instances in one to include an editorial.

Mr. WIER and to include an address by Hon. Robert Ramspeck, Chairman of the United States Civil Service Commission before the Civil Service assembly.

Mr. HARRIS (at the request of Mr. PRIEST) to revise and extend the remarks he made in the Committee of the Whole, and to include a letter and other extraneous matter.

Mr. HAYS of Arkansas (at the request of Mr. PRIEST) and to include an editorial.

Mr. PATTERSON (at the request of Mr. VAN ZANDT) and to include an editorial from the Bridgeport Post.

Mr. VAN ZANDT in two instances.

Mr. WIGGLESWORTH in two instances, and to include certain tables.

Mr. VAN PELT and to include extraneous material.

Mr. HINSHAW and to include extraneous matter.

Mr. KERSTEN of Wisconsin, to extend his remarks in the Appendix of the RECORD in three instances.

Mr. MARTIN of Iowa, in three instances, in each to include extraneous matter.

Mrs. ROGERS of Massachusetts and to include certain letters advocating the placing of crosses over the graves of our honored dead in the Hawaiian Islands.

Mr. BOW and to include a letter.

Mr. HARRISON of Wyoming (at the request of Mr. BOW) in two instances.

Mr. REES of Kansas and to include an address delivered by President Mallott, of Cornell University.

Mr. SMITH of Kansas and to include and editorial.

Mr. BOGGS and to include an editorial.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. FURCOLO (at the request of Mr. PRIEST), from October 20 to November 10, on account of official business.

Mrs. BOSONE (at the request of Mr. DOYLE) for the balance of the week on account of official business.

ENROLLED BILLS SIGNED

Mr. STANLEY, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 971. An act for the relief of Louis R. Chadbourne; and

H. R. 1038. An act relating to the policing of the buildings and grounds of the Smithsonian Institution and its constituent bureaus.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 467. An act to authorize the exchange of wildlife refuge lands within the State of Minnesota; and

S. 509. A act to amend the Migratory Bird Hunting Stamp Act of March 16, 1934 (48 Stat. 451; 16 U. S. C. 718d), as amended.

BILLS PRESENTED TO THE PRESIDENT

Mr. STANLEY, from the Committee on House Administration, reported that that committee did on October 15, 1951, present to the President, for his approval, bills of the House of the following titles:

H. R. 732. An act for the relief of Konstontios N. Bellos;

H. R. 782. An act conferring United States citizenship posthumously upon Siegfried Oberdorfer;

H. R. 794. An act for the relief of Arthur E. Hackett;

H. R. 824. An act for the relief of Luisa Monti;

H. R. 1087. An act to amend title 18, United States Code, entitled "Crimes and Criminal Procedure," to empower the courts to remit or mitigate forfeitures under the Indian liquor laws;

H. R. 1100. An act for the relief of Eugenio Bellini;

H. R. 1119. An act for the relief of Mario DiFilippo;

H. R. 1252. An act for the relief of Mr. and Mrs. Miroslav Kudrat;

H. R. 1413. An act for the relief of Franz Geyling;

H. R. 1596. An act for the relief of N. H. Kelley, Bernice Kelley, Clyde D. Farquhar, and Gladys Farquhar;

H. R. 1696. An act for the relief of Jack Warner and family;

H. R. 1908. An act for the relief of Helena Jange Chinn;

H. R. 2210. An act for the relief of Hye Pah Kung;

H. R. 2322. An act to authorize the improvement of East Pass Channel from the Gulf of Mexico into Choctawhatchee Bay, Fla.;

H. R. 2684. An act to provide for the sale, transfer, or quitclaim of title to certain lands in Florida;

H. R. 3221. An act for the relief of Joji Ikeda, a minor;

H. R. 3424. An act for the relief of Yumi Horiuchi;

H. R. 3430. An act for the relief of the estate of Nora B. Kennedy, deceased, and Mrs. Ann R. Norton;

H. R. 4154. An act for the relief of the estate of Jake Jones, deceased;

H. R. 4205. An act to provide retirement benefits for the Chief of the Dental Division of the Bureau of Medicine and Surgery, and for other purposes;

H. R. 4270. An act for the relief of the estate of Jennie Gayle, deceased;

H. R. 4271. An act for the relief of Mr. and Mrs. Richard G. Adams and legal guardian of Dorothy Margaret Adams;

H. R. 4693. An act to amend section 77, subsection (c) (3), of the Bankruptcy Act, as amended;

H. R. 4931. An act for the relief of Lewyt Corp.;

H. R. 4740. An act making appropriations for the Departments of State, Justice, Commerce, and the judiciary for the fiscal year ending June 30, 1952, and for other purposes; and

H. R. 5054. An act making appropriations for the National Security Council, the National Security Resources Board, and for military functions administered by the Department of Defense for the fiscal year ending June 30, 1950, and for other purposes.

ADJOURNMENT

Mr. MORRIS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 31 minutes p. m.) the House adjourned until tomorrow, Wednesday, October 17, 1951, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

888. A letter from the Administrator, Housing and Home Finance Agency, transmitting the seventh quarterly report on the administration of the advance planning program, of non-Federal public works, pursuant to Public Law 352, Eighty-first Congress, approved October 13, 1949 (H. Doc. No. 260); to the Committee on Public Works, and ordered to be printed.

889. A letter from the Assistant Secretary of the Navy, transmitting a report for the settlement of claims for damage caused to Navy Department property, which have been settled by the Navy Department, pursuant to section 2 of the act of December 5, 1945 (34 U. S. C. 600a); to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURRAY of Tennessee: Committee of conference. S. 1335. An act to readjust size and weight limitations on fourth-class (parcel post) mail (Rept. No. 1187). Ordered to be printed.

Mr. BUCKLEY: Committee on Public Works. S. 97. An act to authorize the construction, operation, and maintenance of facilities for generating hydroelectric power at the Cheatham Dam on the Cumberland River in Tennessee; without amendment (Rept. No. 1188). Referred to the Committee of the Whole House on the State of the Union.

Mr. KILDAY: Committee on Armed Services. H. R. 5715. A bill to amend sections 201 (a), 301 (e), 302 (f), 302 (g), 508, 527, and 528 of Public Law 351, Eighty-first Congress, as amended; without amendment (Rept. No. 1190). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURDOCK: Committee on Interior and Insular Affairs. H. R. 5097. A bill to extend the time during which the Secretary of the Interior may enter into amendatory repayment contracts under the Federal reclamation laws, and for other purposes; with amendment (Rept. No. 1191). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELSTON: Committee on Armed Services. H. R. 4928. A bill to provide that the interest of the United States in certain real property shall be conveyed to the city of Newport, Ky.; with amendment (Rept. No. 1192). Referred to the Committee of the Whole House on the State of the Union.

Mr. DEGRAFFENRIED: Committee on Armed Services. H. R. 4979. A bill to provide for conveyance of certain land to the city of New Orleans; with amendment (Rept. No. 1193). Referred to the Committee of the Whole House on the State of the Union.

Mr. MITCHELL: Committee on Rules. House Resolution 463. Resolution for consideration of House Joint Resolution 285, to authorize appropriate participation by the United States in commemoration of the one hundred and fiftieth anniversary of the establishment of the United States Military Academy; without amendment (Rept. No. 1194). Referred to the House Calendar.

Mr. LANE: Committee on the Judiciary. House Joint Resolution 314. Joint resolution designating September 17 of each year as "Citizenship Day"; with amendment (Rept. No. 1195). Referred to the House Calendar.

Miss THOMPSON: Committee on the Judiciary. House Joint Resolution 284. Joint resolution authorizing an appropriation for the participation of the United States in the preparation and completion of plans for the observance and memorialization on April 9, 1952, of the one hundredth anniversary of the death of John Howard Payne, author of that family hymn of America, Home Sweet Home; with amendment (Rept. No. 1196). Referred to the House Calendar.

By Mr. CANNON: Committee of conference. H. R. 4386. A bill making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1952, and for other purposes (Rept. No. 1197). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BYRNE of New York: Committee on the Judiciary. House Resolution 461. Resolution providing for sending to the United States Court of Claims the bill (H. R. 4290) for the relief of Keddie Resort, Inc.; without amendment (Rept. No. 1189). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BATTLE:

H. R. 5731. A bill for the creation of the Commission to Study Relations Between the United States and other North Atlantic Nations; to the Committee on Foreign Affairs.

By Mr. BENNETT of Michigan:

H. R. 5732. A bill to extend gratuitous insurance benefits provided under the National Service Life Insurance Act of 1940, as amended, to nondependent parents, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. DOUGHTON:

H. R. 5733. A bill to suspend the duty imposed with respect to repairs made, and equipment purchased, in foreign countries for certain vessels; to the Committee on Ways and Means.

H. R. 5734. A bill to amend section 3268 of the Internal Revenue Code so as to exempt certain recreational facilities from the tax prescribed therein; to the Committee on Ways and Means.

By Mr. ENGLE:

H. R. 5735. A bill to require all Federal officers in carrying out laws relating to water-resources development and utilization to comply with the laws of the affected States or Territories; to the Committee on Interior and Insular Affairs.

By Mr. BUDGE:

H. R. 5736. A bill to require Federal officers and employees to conform with State and Territorial laws when carrying out Federal laws relating to water resources west of the ninety-eighth meridian; to the Committee on Interior and Insular Affairs.

By Mr. DOLLIVER:

H. R. 5737. A bill to confer concurrent jurisdiction on the district courts to determine income-tax deficiencies; to the Committee on the Judiciary.

By Mr. MARTIN of Iowa:

H. R. 5738. A bill to confer concurrent jurisdiction on the district courts to determine income-tax deficiencies; to the Committee on the Judiciary.

By Mr. STOCKMAN:

H. R. 5739. A bill to provide for the establishment of a United States Foreign Service Academy; to the Committee on Foreign Affairs.

H. R. 5740. A bill to approve repayment contracts negotiated with the Frenchtown irrigation district, the Malta irrigation district, the Glasgow irrigation district, and the irrigation districts comprising the Owyhee Federal reclamation project, to authorize their execution by the Secretary of the Interior, and for other purposes; to the Committee on Interior and Insular Affairs.

H. R. 5741. A bill to approve a repayment contract negotiated with the irrigation districts comprising the Owyhee Federal reclamation project, Idaho-Oregon, to authorize its execution, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ABBITT:

H. R. 5742. A bill to encourage the prevention of water pollution by allowing amounts paid for industrial waste treatment works to be amortized at an accelerated rate for income-tax purposes; to the Committee on Ways and Means.

By Mr. MURDOCK (by request):

H. R. 5743. A bill to authorize the construction, operation, and maintenance of the initial phase of the Snake River reclamation project by the Secretary of the Interior; to the Committee on Interior and Insular Affairs.

By Mr. BOW:

H. R. 5744. A bill to provide for reductions in appropriations made during the present Congress; to the Committee on Appropriations.

By Mr. SPENCE:

H. R. 5745. A bill to permit the Federal National Mortgage Association to make commitments to purchase certain mortgages; to the Committee on Banking and Currency.

By Mr. WIER:

H. J. Res. 346. Joint resolution to provide for the establishment of a National War Memorial Arts Commission, and for other purposes; to the Committee on House Administration.

By Mr. LATHAM:

H. Res 462. Resolution to establish a committee of the House to investigate interstate gambling and racketeering activities; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By Mr. GOODWIN: Memorial of Massachusetts Legislature memorializing Congress to revise the treaty of peace with Italy; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADDONIZIO:

H. R. 5746. A bill for the relief of Joseph F. Lounsberry; to the Committee on the Judiciary.

By Mr. ELSTON:

H. R. 5747. A bill for the relief of James H. Ratliff, Jr.; to the Committee on the Judiciary.

H. R. 5748. A bill for the relief of Heinz J. Schillings; to the Committee on the Judiciary.

By Mr. FISHER:

H. R. 5749. A bill for the relief of Sy Youn Chung; to the Committee on the Judiciary.

By Mr. GRANAHAN:

H. R. 5750. A bill for the relief of Sister Julie Schuler; to the Committee on the Judiciary.

By Mr. HELLER:

H. R. 5751. A bill for the relief of Esther Malka Evans (nee Kalanek) and Robert Kalanek; to the Committee on the Judiciary.

By Mr. McGRATH:

H. R. 5752. A bill for the relief of Nicholas Bogdanos; to the Committee on the Judiciary.

By Mr. PRIEST:

H. R. 5753. A bill for the relief of Bernard J. Keogh; to the Committee on the Judiciary.

By Mrs. ROGERS of Massachusetts:

H. R. 5754. A bill for the relief of Hermann Peter Winterholler; to the Committee on the Judiciary.

By Mr. SHORT:

H. R. 5755. A bill for the relief of Chong So Yong; to the Committee on the Judiciary.

By Mr. SIEMINSKI:

H. R. 5756. A bill for the relief of certain Polish sailors; to the Committee on the Judiciary.

H. R. 5757. A bill for the relief of Mrs. Hildergarde Wycisk McKaig; to the Committee on the Judiciary.

H. R. 5758. A bill for the relief of Milthadis Skordos; to the Committee on the Judiciary.

By Mr. SMITH of Virginia (by request):

H. R. 5759. A bill for the relief of Chizuko Nakagami; to the Committee on the Judiciary.

By Mr. THOMAS:

H. R. 5760. A bill for the relief of Baici Pompeo (also known as John Base); to the Committee on the Judiciary.

By Mr. JACKSON of Washington:

H. R. 5761. A bill for the relief of Otmar Sprah; to the Committee on the Judiciary.

H. R. 5762. A bill for the relief of Hugo Kern; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

475. Mr. SMITH of Virginia presented a petition of mothers of Virginia and members of the Woman's Society of Christian Service of the Methodist Church, to protect our rights by passing legislation to prohibit advertising of alcoholic beverages in interstate commerce through such mediums as radio, television, newspapers, and magazines, which was referred to the members of the Committee on Interstate and Foreign Commerce.

SENATE

WEDNESDAY, OCTOBER 17, 1951

(Legislative day of Monday, October 1, 1951)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God our Father, whose love for Thy children reaches to the ends of the earth, in the golden glory of a new dawn as the curtain of darkness is folded back Thou hast granted us the high privilege of faring forth to be laborers together with Thee, in the coronation of Thy great purposes for a redeemed earth. We wait now for Thy benediction, that we may face whatever the day brings in the gladness of Thy guidance, in the glory of Thy service, and in the solemn realization that we are indeed our brother's keeper.

To the leaders of our Nation in these difficult and dangerous days give, we beseech Thee, kind hearts, clear thought, and quiet faith. And among ourselves, and in our dealings with all the peoples of the earth, in nations great and small, may we be so transparently just and fair that falsehood and every evil that shuns the light may be banished by the truth which makes men free. Amen.

THE JOURNAL

On request of Mr. McFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, October 16, 1951, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on October 16, 1951, the President had approved and signed the act (S. 1277) for the relief of John R. Willoughby.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House had passed, without amendment, the following bills of the Senate:

S. 466. An act to authorize and direct the Administrator of General Services to transfer to the Department of the Army certain property in St. Louis, Mo.;

S. 752. An act authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission;

S. 1482. An act for the relief of the town of Mount Desert, Maine;

S. 1967. An act to amend or repeal certain laws relating to Government records, and for other purposes; and

S. 2233. An act to amend the Atomic Energy Act of 1946, as amended.

The message also announced that the House had passed the bill (S. 1952) to amend or repeal certain Government property laws, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 1181. An act to amend section 207 of the Legislative Reorganization Act of 1946 so as to authorize payment of claims arising from the correction of military or naval records; and

H. R. 1215. An act to authorize certain land and other property transactions, and for other purposes.

The message also announced that the House had passed the following bill and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 4928. An act to provide that the interest of the United States in certain real property shall be conveyed to the city of Newport, Ky.;

H. J. Res. 284. Joint resolution authorizing the participation of the United States in the preparation and completion of plans for the observance and memorialization on April 9, 1952, of the one hundredth anniversary of the death of John Howard Payne, author of that family hymn of America, Home Sweet Home; and

H. J. Res. 314. Joint resolution designating September 17 of each year as Citizenship Day.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 11. An act to provide for the appointment of conservators to conserve the assets